

2007

Missouri Legal Malpractice Insurance Report



DIFP
Department of Insurance
Financial Institutions &
Professional Registration

**MISSOURI
LEGAL
MALPRACTICE
INSURANCE
REPORT
2007**

**Department of Insurance, Financial Institutions & Professional Registration
Statistics Section
June 2008**

Other Publications

Available from the Missouri Department of Insurance, Financial Institutions & Professional Registration

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Department of Insurance, Financial Institutions & Professional Registration
P.O. Box 690
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1. ***Missouri Complaint Index Report***
summary information: <http://www.insurance.mo.gov/reports/complaint/index.htm>
2. ***Missouri Department of Insurance Annual Report***
summary information: http://www.insurance.mo.gov/aboutMDI/annual_report.htm
3. ***Missouri Life, Accident & Health Supplement Data***
summary information: <http://www.insurance.mo.gov/reports/suppdata.htm>
4. ***Missouri Market Share Report***
summary information: <http://www.insurance.mo.gov/reports/mktshr.htm>
5. ***Missouri Medical Malpractice (Closed Claim) Report***
summary information: <http://www.insurance.mo.gov/reports/medmal/index.htm>
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summary information: <http://www.insurance.mo.gov/reports/prodliab/index.htm>
7. ***Missouri Property & Casualty Supplement Report***
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summary information: <http://www.insurance.mo.gov/reports/mortguar/index.htm>
10. ***Private Passenger Automobile Report***
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11. ***Missouri Health Maintenance Organization Report***
summary information: <http://www.insurance.mo.gov/reports/hmo/index.htm>

Databases: For more information: <http://www.insurance.mo.gov/reports/index.htm#aggdata>

1. Medicare Supplement Experience Data
2. Commercial Liability Experience Data
3. Missouri **Zip Code Insurance Data** for:
 - Homeowners/Dwelling Fire,
 - Farmowners (dwelling only),
 - Mobile Home,
 - Earthquake, and
 - Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the **Statistics Section at (573) 751-4126**.

DEFINITION OF TERMS

Indemnity Paid: The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from coverage in prior years and exclude amounts which will be paid in future years for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

Loss Adjustment Expenses: The cost involved in an insurance company's adjustment of losses under a policy.

Direct Premiums Written: The dollar amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

Direct Premiums Earned: The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

Direct Losses Incurred: The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

Loss Ratio: The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.

LEGAL MALPRACTICE INSURANCE REPORT

EXECUTIVE SUMMARY

This report summarizes the legal malpractice insurance experience in Missouri from 1998 to 2007.

The charts, graphs and tables in this report are limited to closed claim information and were constructed from data collected by the Department of Insurance, Financial Institutions & Professional Registration as required by Section 383.077 RSMo. The premium and loss data, obtained from the Missouri Page 20 Supplement to the companies' annual statements, are presented in the final section.

In 2007, the loss ratio for legal malpractice insurance in Missouri was 28 percent. For the 10-year period of claims closed¹, 675 (27 percent) were closed with payment. Claims closed in 2007 totaled 232, a .08 percent decrease from the previous year. The average payment was \$95,160.

The cost to an insurer for settling legal malpractice cases or the loss adjustment expense (legal fees, claims adjustment costs, etc.) has fluctuated over the past 10 years. In 2007, the average loss adjustment expense for all claims closed with payment was \$62,465, compared to \$74,430 in 2006.

In producing this report, indemnities paid on closed claims have been categorized by claim characteristics. The number of closed claims, average paid claim and the total amount paid are included. The categories used for the indemnity analysis are:

- Area of law in which the insured was retained by the claimant.
- Major activity in which the lawyer was engaged at the time the alleged error or omission occurred.
- Alleged error or omission that was the most significant reason for making the claim.
- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

¹Claims closed may have resulted from incidents in any previous period.

By area of law, the largest share of claims closed in 2007 (68 of 232) was initiated by plaintiffs in *personal injury and property damage cases*.

The largest proportion of all claims closed in 2007 and in the past 10 years involved the *commencement of the legal action or proceeding*. *Planning or strategy error* was the most common reason stated for filing a claim in 2007. Of all claims paid during 2007, 40 percent were settled *before filing suit or demanding a hearing* on the alleged malpractice.

In the last two sections of the indemnity analysis, years admitted to practice and insured/claimant relationship are also reported. The three spans of years admitted to practice are: *under 4 years, 4 to 10 years* and *more than 10 years*. Ninety-six percent of losses in 2007 occurred among attorneys with *more than 10 years of practice*. The insured's relationship to the claimant is partitioned into four subclasses: *free legal service, non-client, member of pre-paid legal plan* and *client other than free legal service or pre-paid legal plan*. Ninety-one percent of 2007 claims occurred in the category of *client other than free legal service or member of pre-paid legal plan*.

Only eight companies reported writing legal malpractice insurance and submitted closed claim data in Missouri for 2007. The Bar Plan Mutual Insurance Company controlled at least 88 percent of the legal malpractice insurance market in this state.

This report was compiled using information submitted by insurance companies. As a result, the accuracy of this report is dependent upon the correctness of each company's data. Copies of this report will be made available in braille, large print, or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Department of Insurance, Financial Institutions & Professional Registration, P.O. Box 690, Jefferson City, MO 65102-0690.

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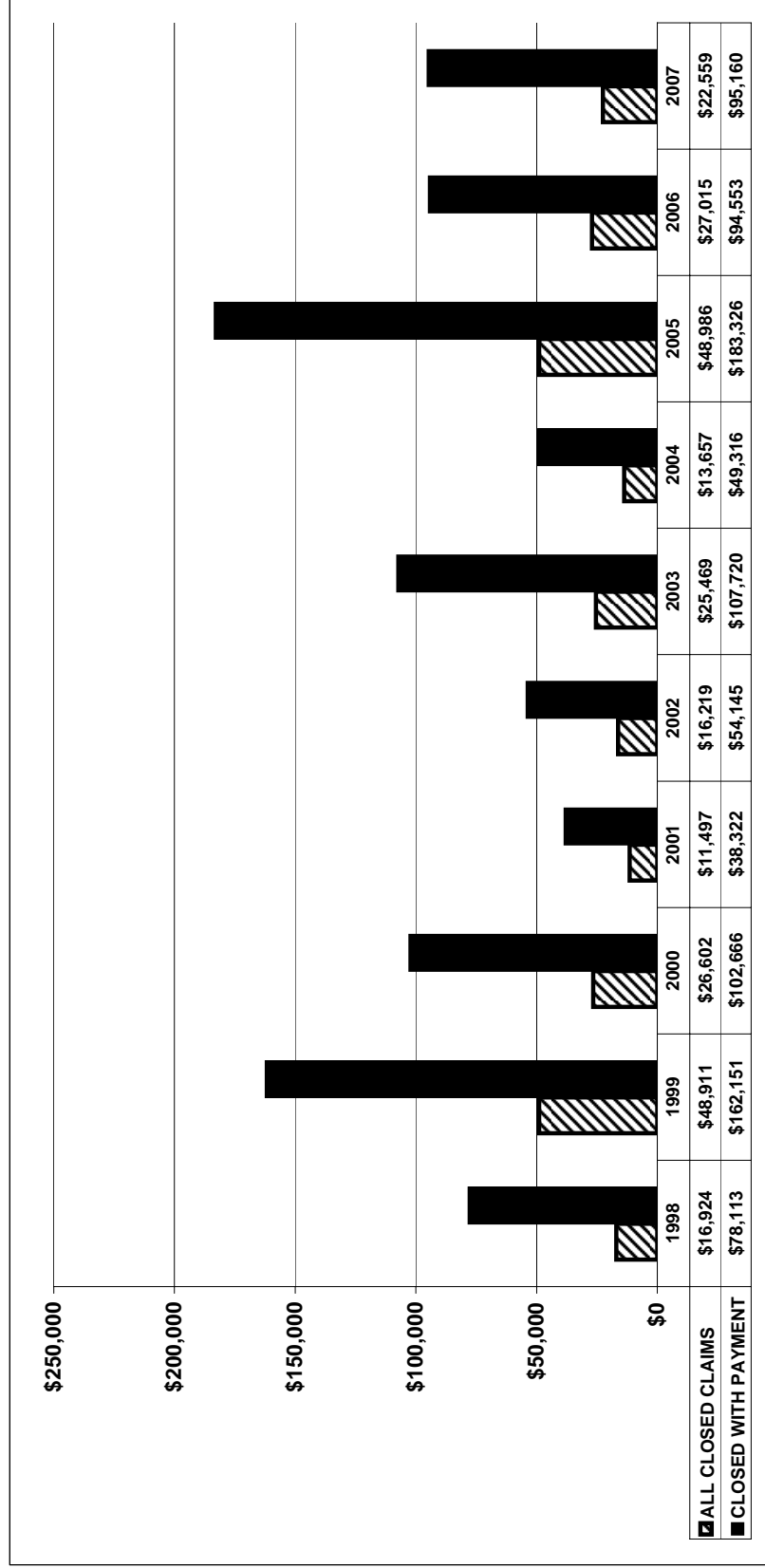
**TEN YEAR
SUMMARY
(1998 - 2007)**

**LEGAL MALPRACTICE EXPERIENCE
TEN YEAR SUMMARY
(1998 – 2007)**

CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	2,528	100.0%	\$66,762,354	\$26,409	\$39,049,766	\$15,447
Closed with Payment	675	26.7%	\$66,762,354	\$98,907	\$22,518,830	\$33,361
Closed without Payment	1,853	73.3%	\$0	\$0	\$16,530,936	\$8,921
Claims Settled Through Court Proceedings	206	8.1%	\$8,141,468	\$39,522	\$8,956,978	\$43,480
Court Proceedings Resulting in Payment	37	1.5%	\$8,141,468	\$220,040	\$3,214,125	\$86,868

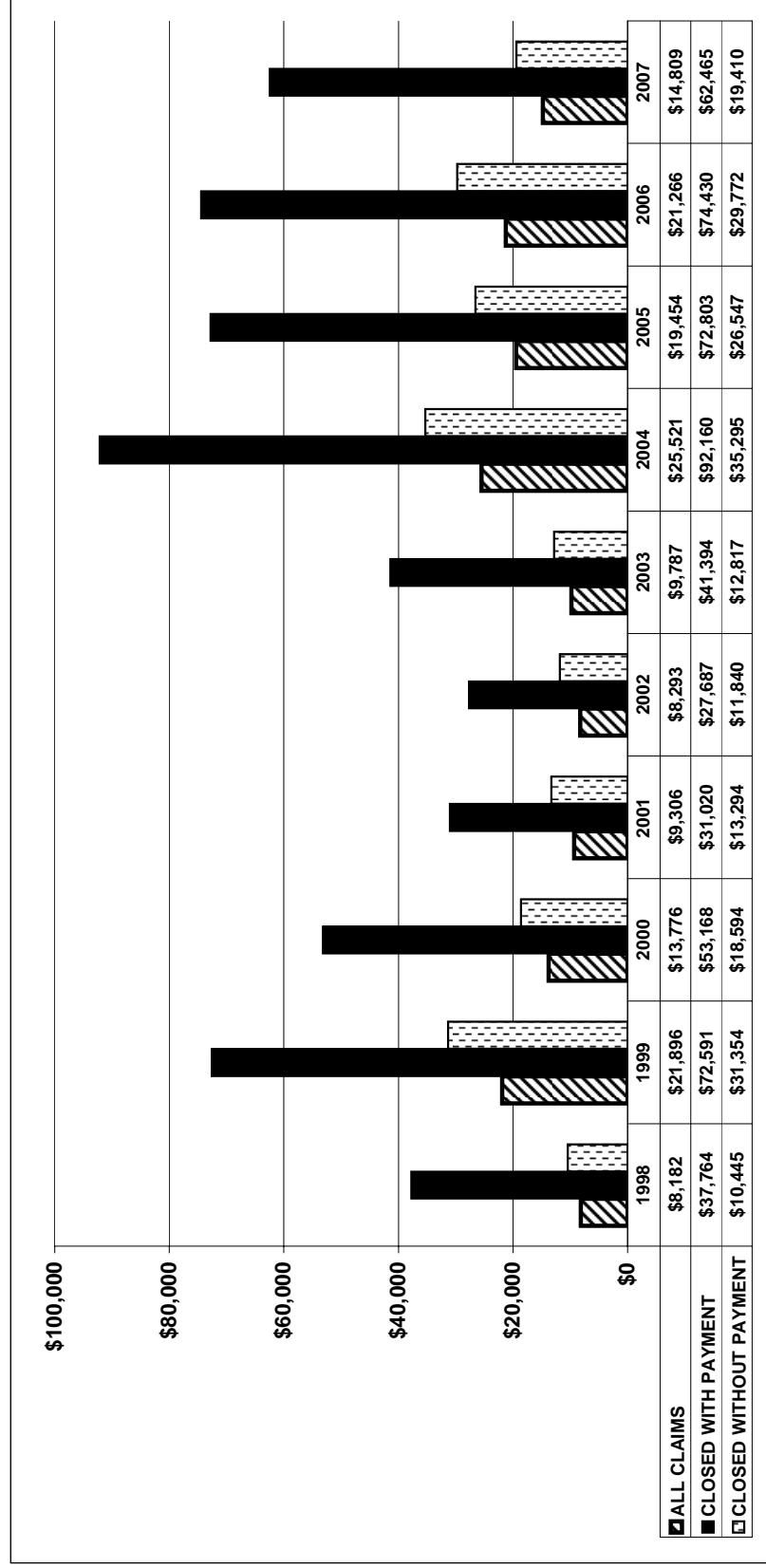
MISSOURI LEGAL MALPRACTICE INSURANCE

AVERAGE PAID CLAIM



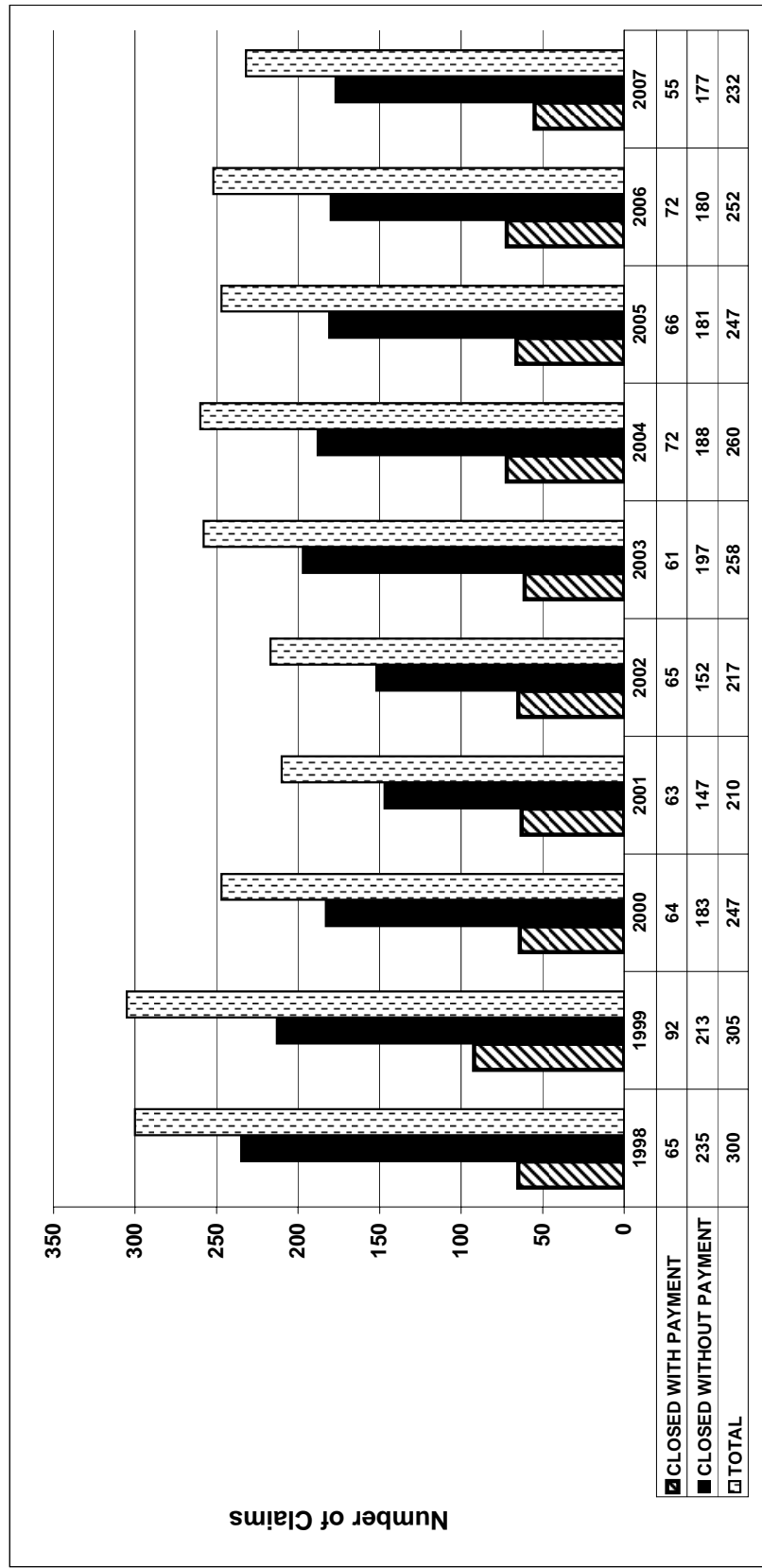
MISSOURI LEGAL MALPRACTICE INSURANCE

AVERAGE PAID LOSS ADJUSTMENT EXPENSE



MISSOURI LEGAL MALPRACTICE INSURANCE

CLAIM COUNT 1998 - 2007



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
AREA OF LAW**

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1998 – 2007

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
				INDEMNITY PAID	PER PAID CLAIM			
BI/PD - PLAINTIFF	663	254	37.63%	\$61,666		\$15,663,207	23.46%	\$9,179
FAMILY LAW	309	64	9.48%	\$39,417		\$2,522,706	3.78%	\$7,171
COLLECTION & BANKRUPTCY	300	64	9.48%	\$67,039		\$4,290,523	6.43%	\$9,389
ESTATE, TRUST & PROBATE	285	73	10.81%	\$72,399		\$5,285,139	7.92%	\$12,483
REAL ESTATE	183	40	5.93%	\$188,529		\$7,541,150	11.30%	\$12,739
BUSINESS TRANSACTION/COMMERCIAL LAW	147	42	6.22%	\$183,032		\$7,687,328	11.51%	\$34,441
WORKERS COMPENSATION	117	39	5.78%	\$37,873		\$1,477,039	2.21%	\$9,471
CRIMINAL	109	12	1.78%	\$42,643		\$511,713	0.77%	\$7,597
BI/PD - DEFENDANT	100	21	3.11%	\$311,410		\$6,539,600	9.80%	\$44,754
CORPORATE & BUSINESS ORGANIZATION	80	19	2.81%	\$81,534		\$1,549,139	2.32%	\$23,173
CIVIL RIGHTS & COMMISSION	54	9	1.33%	\$92,227		\$830,044	1.24%	\$11,490
CONSUMER CLAIMS	39	5	0.74%	\$36,730		\$183,650	0.28%	\$13,283
LABOR LAW	35	9	1.33%	\$164,726		\$1,482,535	2.22%	\$17,332
LOCAL GOVERNMENT	24	3	0.44%	\$13,000		\$39,000	0.06%	\$20,275
TAXATION	17	4	0.59%	\$92,500		\$370,000	0.55%	\$24,702
PATENTS, TRADEMARKS, COPYRIGHTS	15	4	0.59%	\$291,250		\$1,165,000	1.74%	\$94,931
SECURITIES (S.E.C.)	13	3	0.44%	\$3,061,399		\$9,184,198	13.76%	\$325,283
GOVERNMENT CONTRACTS & CLAIMS	10	0	0.00%	N/A		\$0	0.00%	\$403
IMMIGRATION & NATURALIZATION	10	4	0.59%	\$94,008		\$376,030	0.56%	\$25,754
CONSTRUCTION (BUILDING CONTRACTS)	8	3	0.44%	\$16,069		\$48,208	0.07%	\$2,224
ANITRUST	6	1	0.15%	\$3,945		\$3,945	0.01%	\$20,953
ADMIRALTY	3	2	0.30%	\$6,100		\$12,200	0.02%	\$1,757
ENVIRONMENT	1	0	0.00%	N/A		\$0	0.00%	\$0
TOTAL	2,528	675	100.00%	\$98,907		\$66,762,354	100.00%	\$15,447

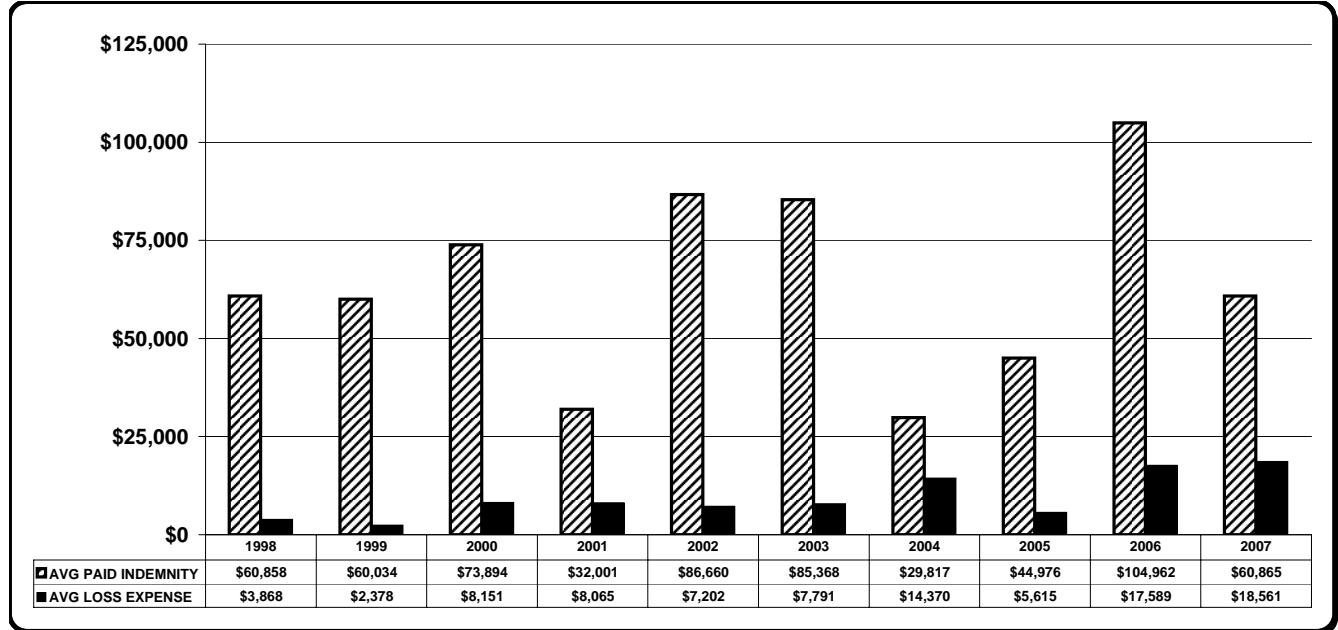
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2007

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
				PAID PER PAID CLAIM				
BI/PD - PLAINTIFF	68	23	41.82%	\$60,865	\$1,399,888	26.75%	\$18,561	
COLLECTION & BANKRUPTCY	37	5	9.09%	\$17,741	\$88,703	1.69%	\$9,576	
FAMILY LAW	28	7	12.73%	\$24,647	\$172,532	3.30%	\$7,226	
REAL ESTATE	21	2	3.64%	\$66,339	\$132,677	2.54%	\$7,976	
CRIMINAL	17	1	1.82%	\$154,463	\$154,463	2.95%	\$11,056	
ESTATE, TRUST & PROBATE	17	4	7.27%	\$139,109	\$556,437	10.63%	\$12,621	
LABOR LAW	9	4	7.27%	\$163,256	\$653,023	12.48%	\$20,532	
BI/PD - DEFENDANT	6	1	1.82%	\$18,900	\$18,900	0.36%	\$7,789	
CORPORATE & BUSINESS ORGANIZATION	6	3	5.45%	\$123,333	\$370,000	7.07%	\$10,831	
BUSINESS TRANSACTION/COMMERCIAL LAW	4	2	3.64%	\$732,779	\$1,465,558	28.00%	\$28,061	
CIVIL RIGHTS & COMMISSION	3	0	0.00%	N/A	\$0	0.00%	\$19,904	
SECURITIES (S.E.C.)	3	0	0.00%	N/A	\$0	0.00%	\$81,637	
GOVERNMENT CONTRACTS & CLAIMS	2	0	0.00%	N/A	\$0	0.00%	\$0	
IMMIGRATION & NATURALIZATION	2	1	1.82%	\$100,000	\$100,000	1.91%	\$47,102	
LOCAL GOVERNMENT	2	0	0.00%	N/A	\$0	0.00%	\$0	
PATENTS, TRADEMARKS, COPYRIGHTS	2	0	0.00%	N/A	\$0	0.00%	\$61,797	
TAXATION	2	0	0.00%	N/A	\$0	0.00%	\$0	
WORKERS COMPENSATION	2	2	3.64%	\$60,803	\$121,606	2.32%	\$57,795	
CONSUMER CLAIMS	1	0	0.00%	N/A	\$0	0.00%	\$0	
TOTAL	232	55	100.00%	\$95,160	\$5,233,787	100.00%	\$14,809	

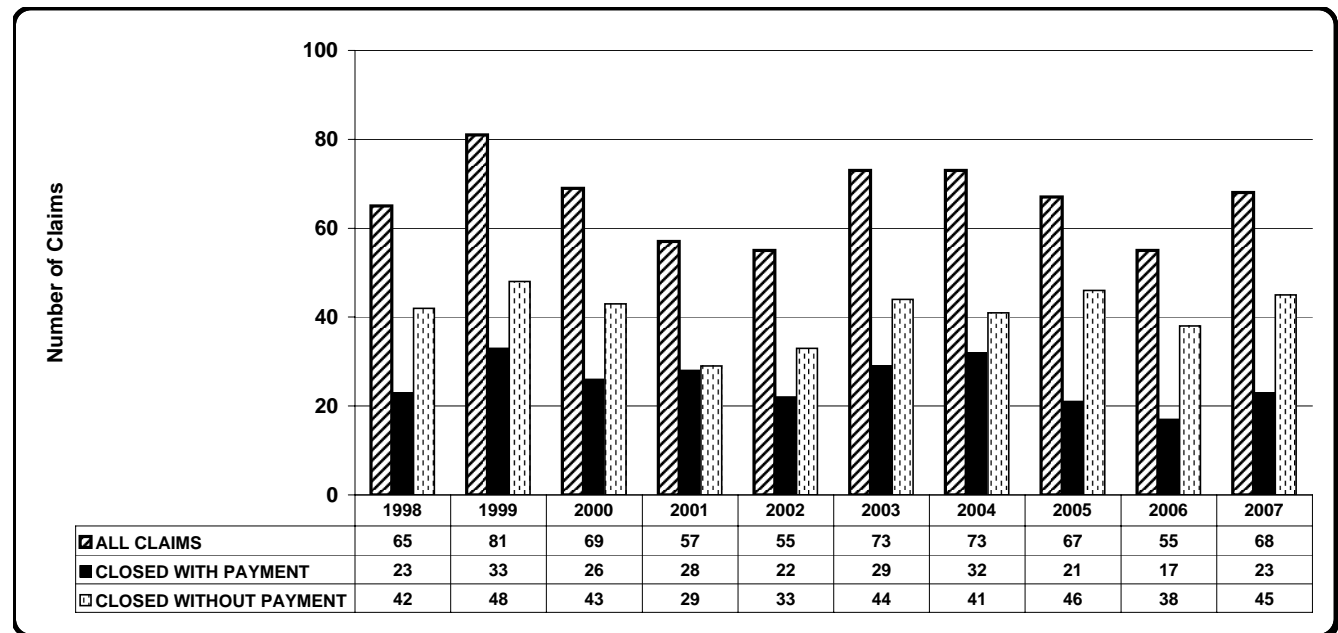
**TRENDS
OF THE TOP TEN
AREAS OF LAW
OF 2007**

PERSONAL INJURY/PROPERTY DAMAGE - PLAINTIFF

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

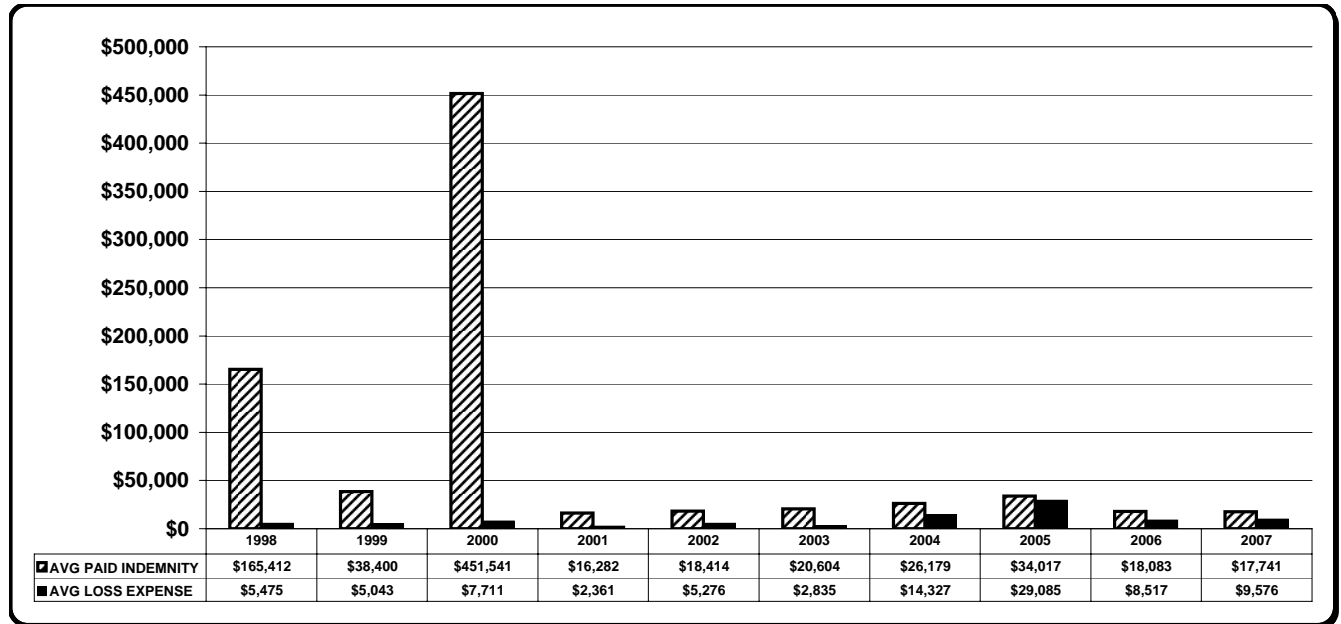


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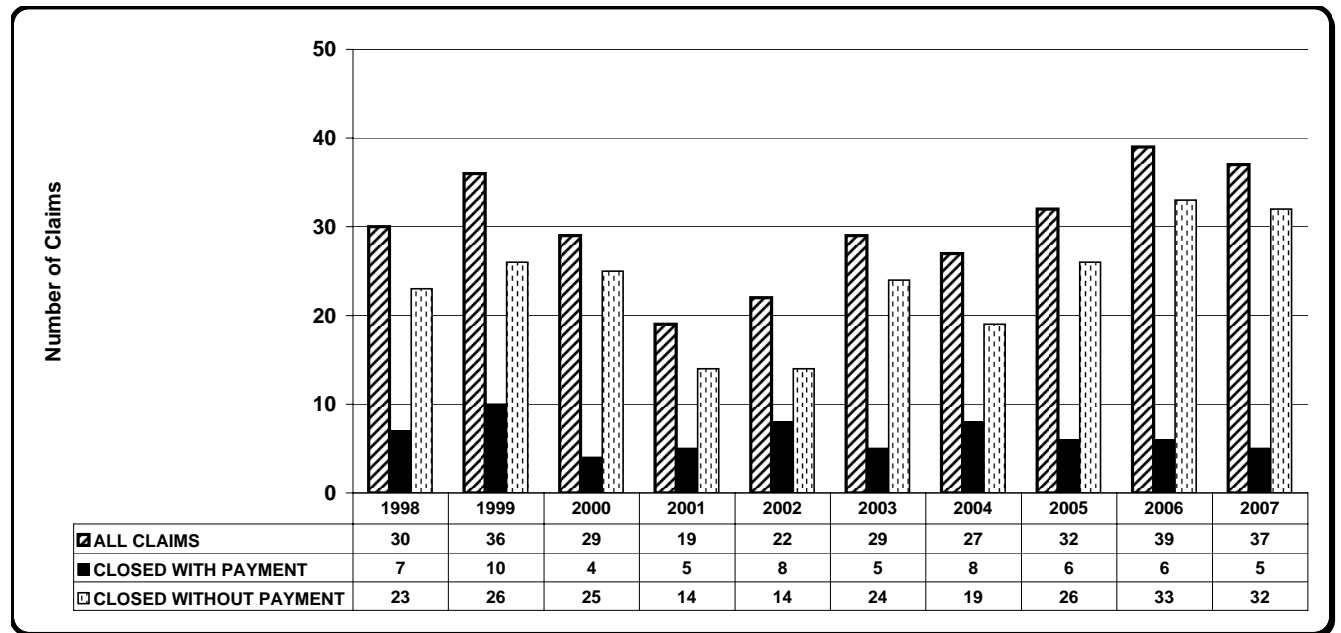


COLLECTION & BANKRUPTCY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

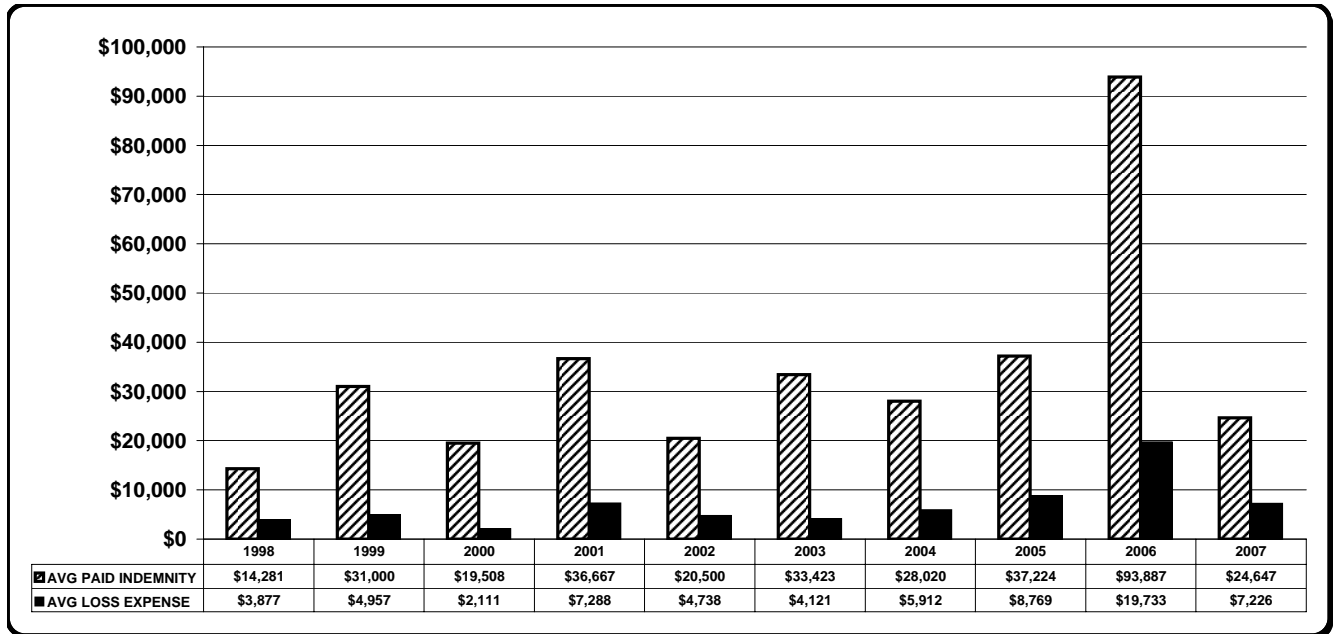


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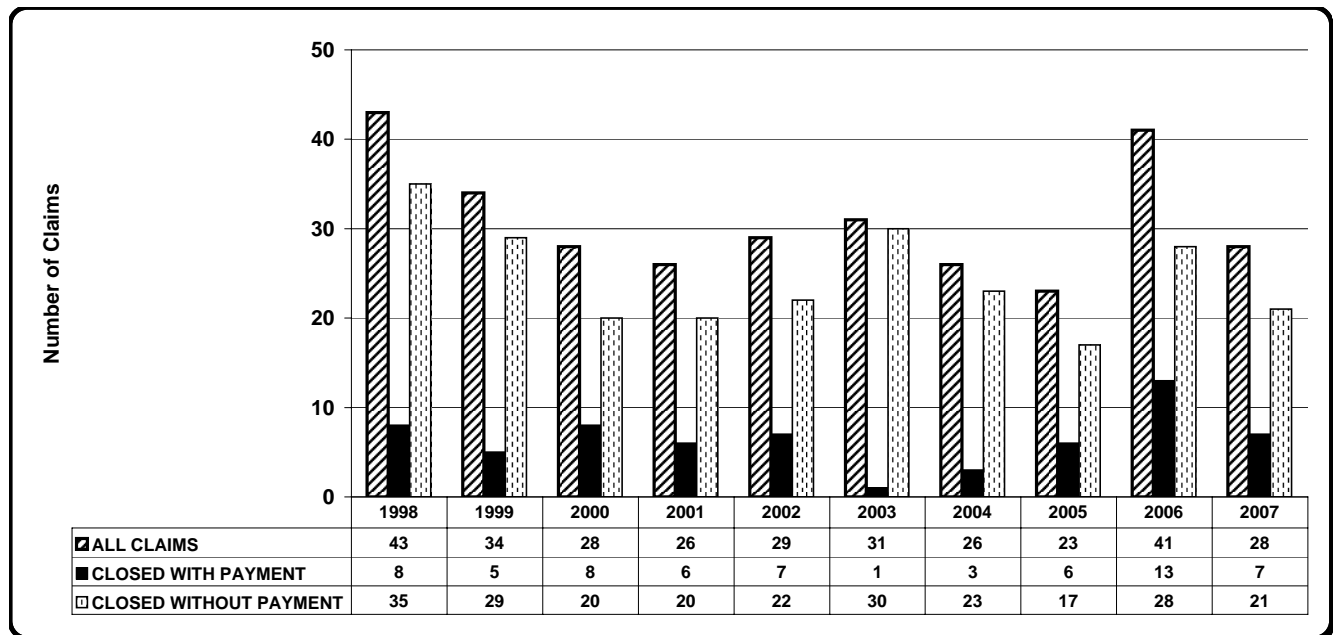


FAMILY LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

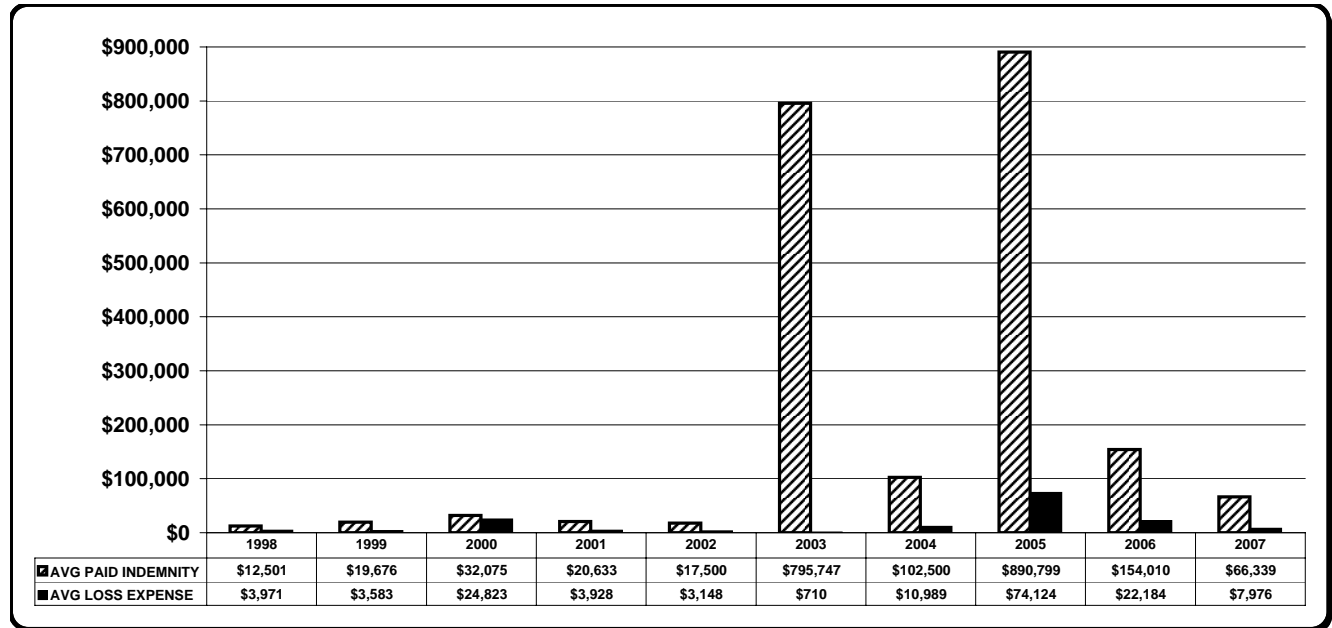


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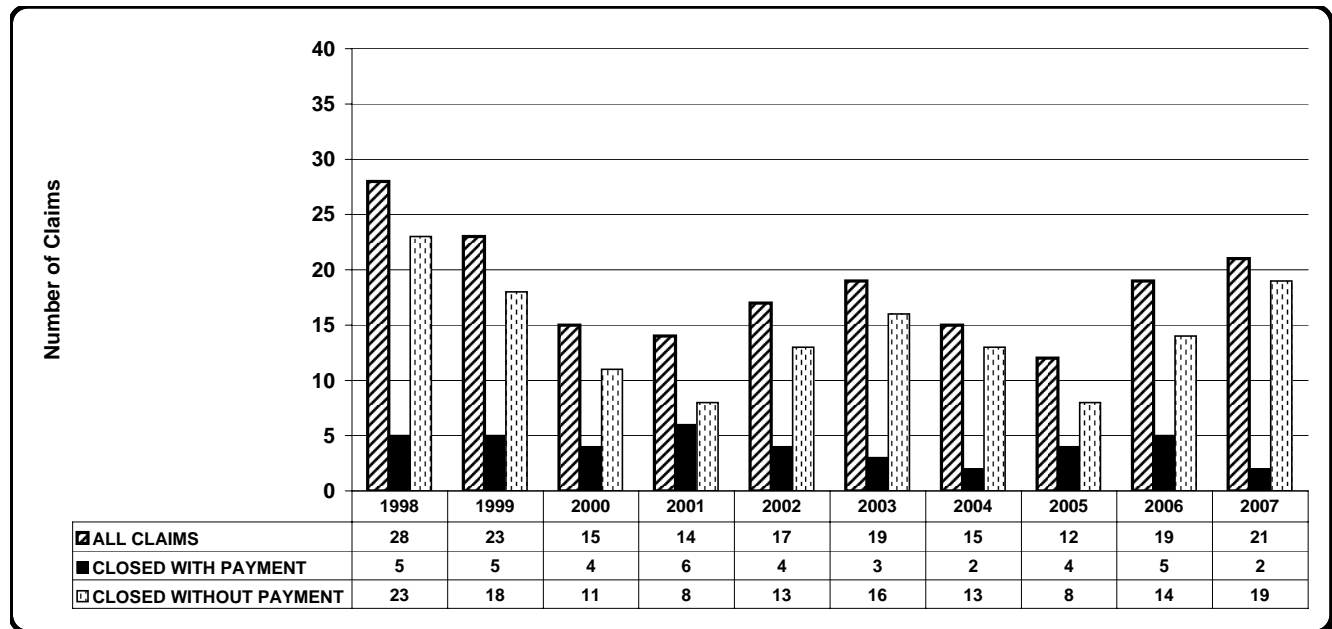


REAL ESTATE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

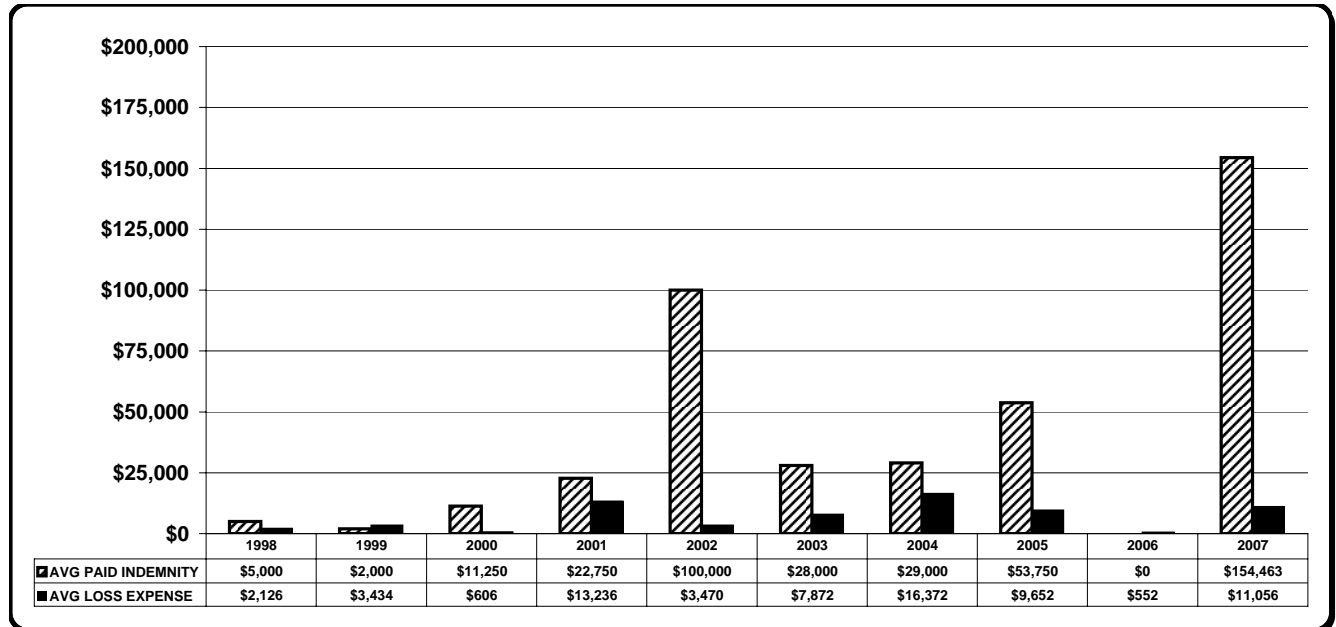


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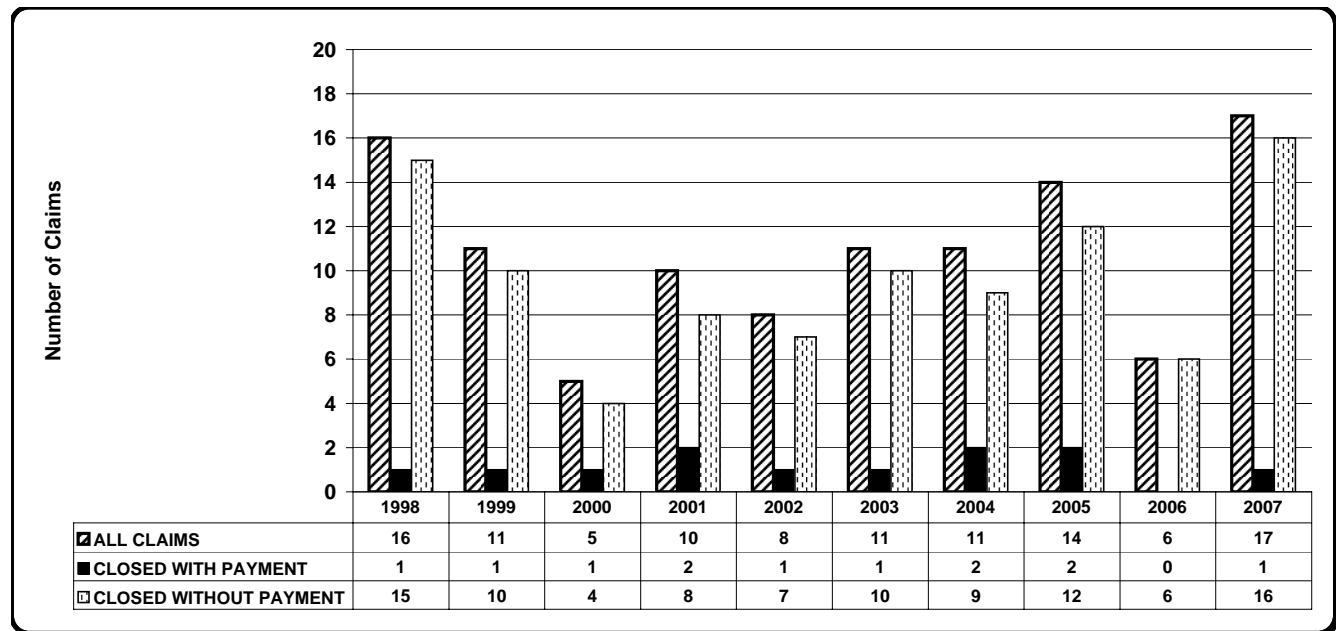


CRIMINAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

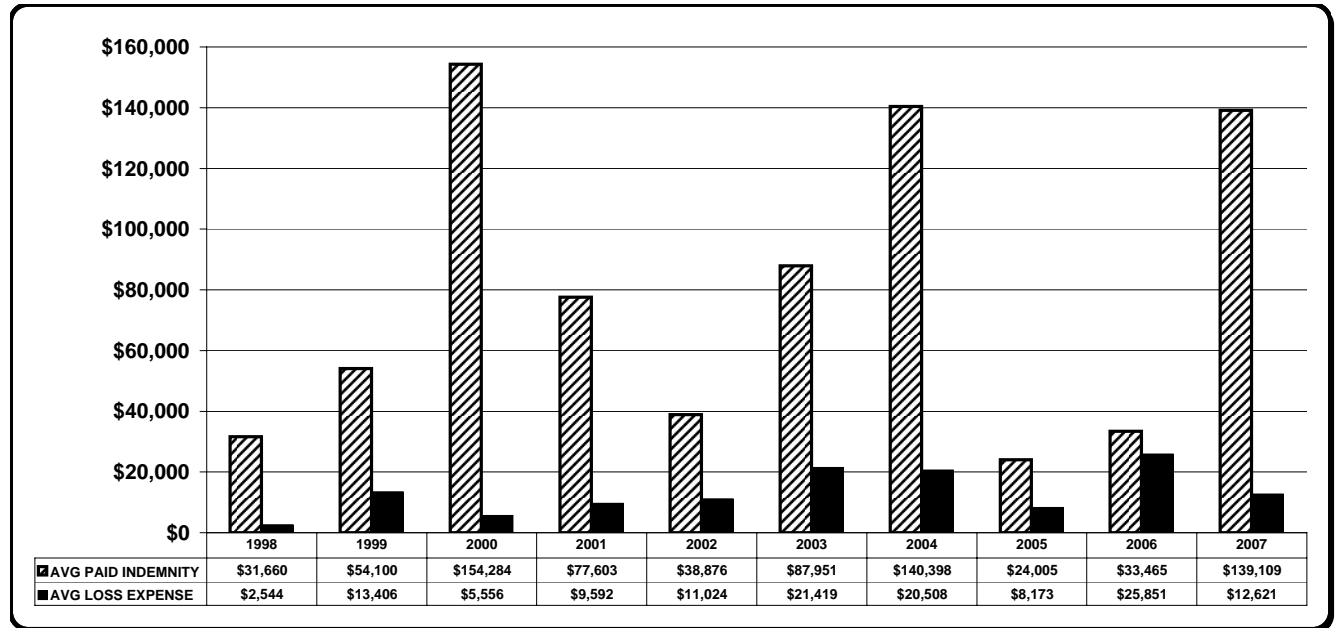


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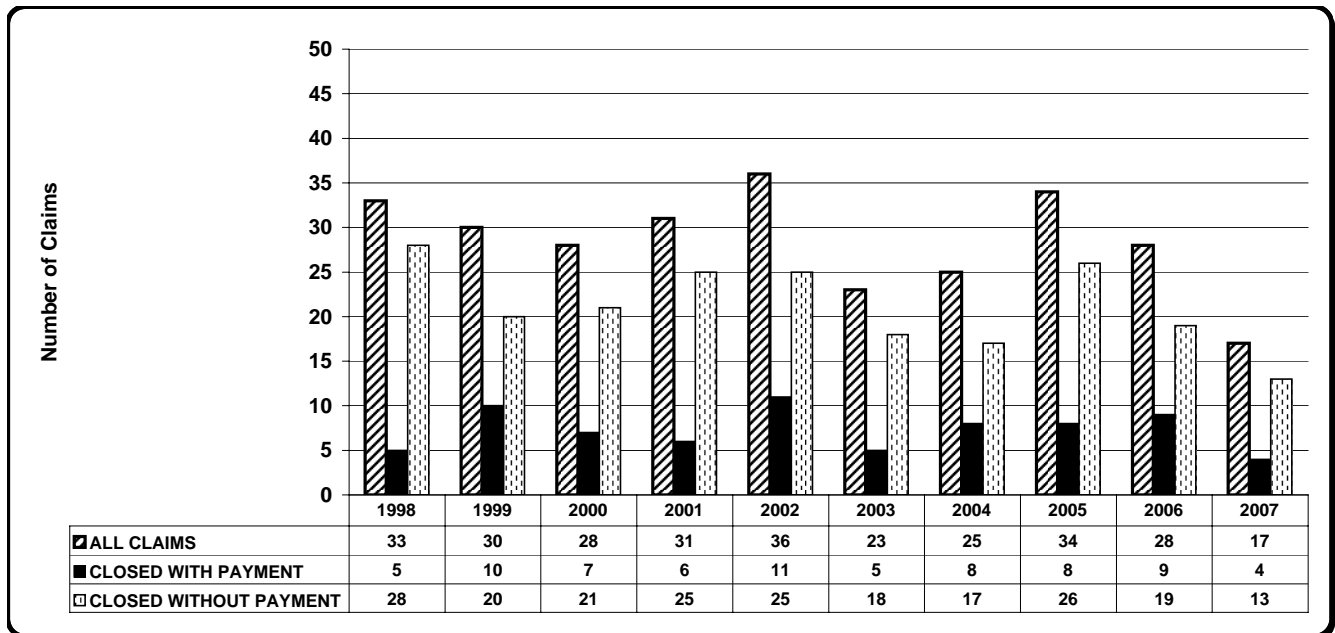


ESTATE, TRUST & PROBATE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

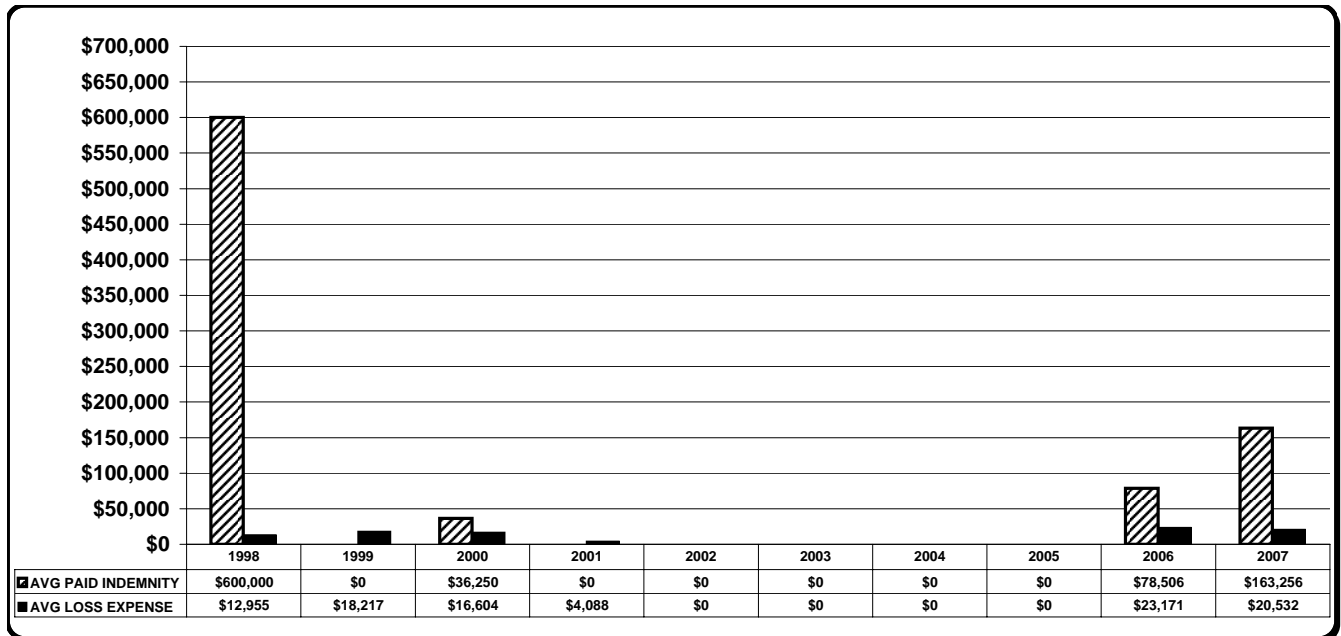


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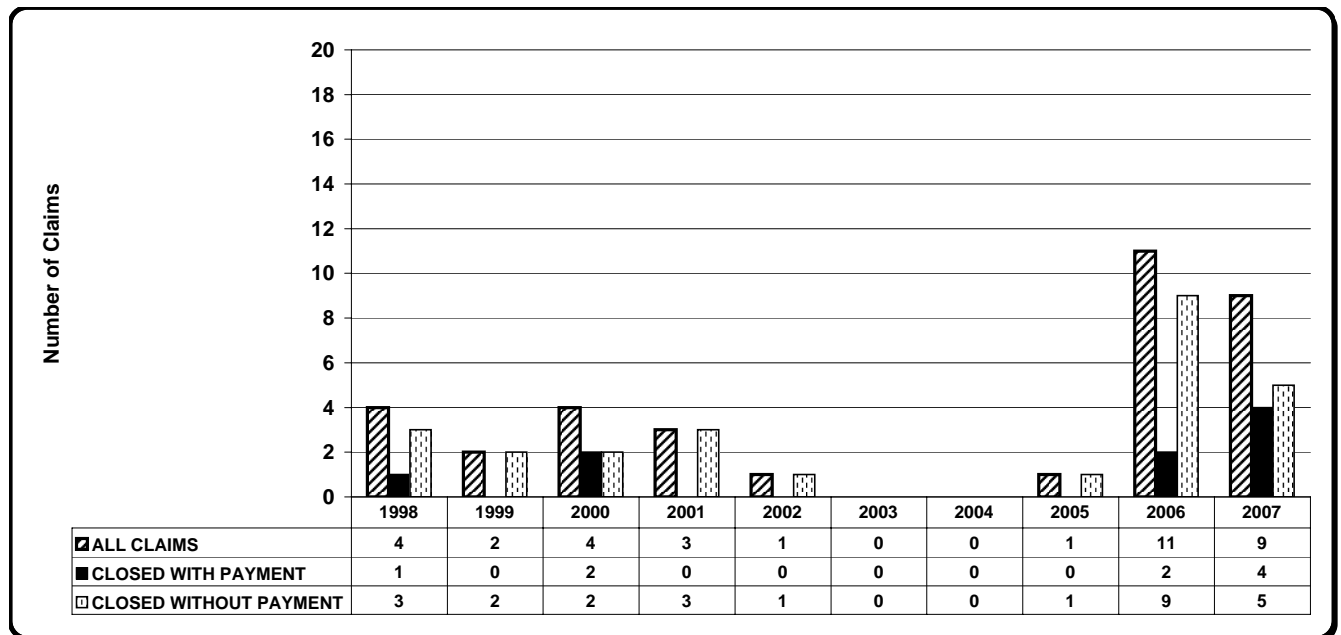


LABOR LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

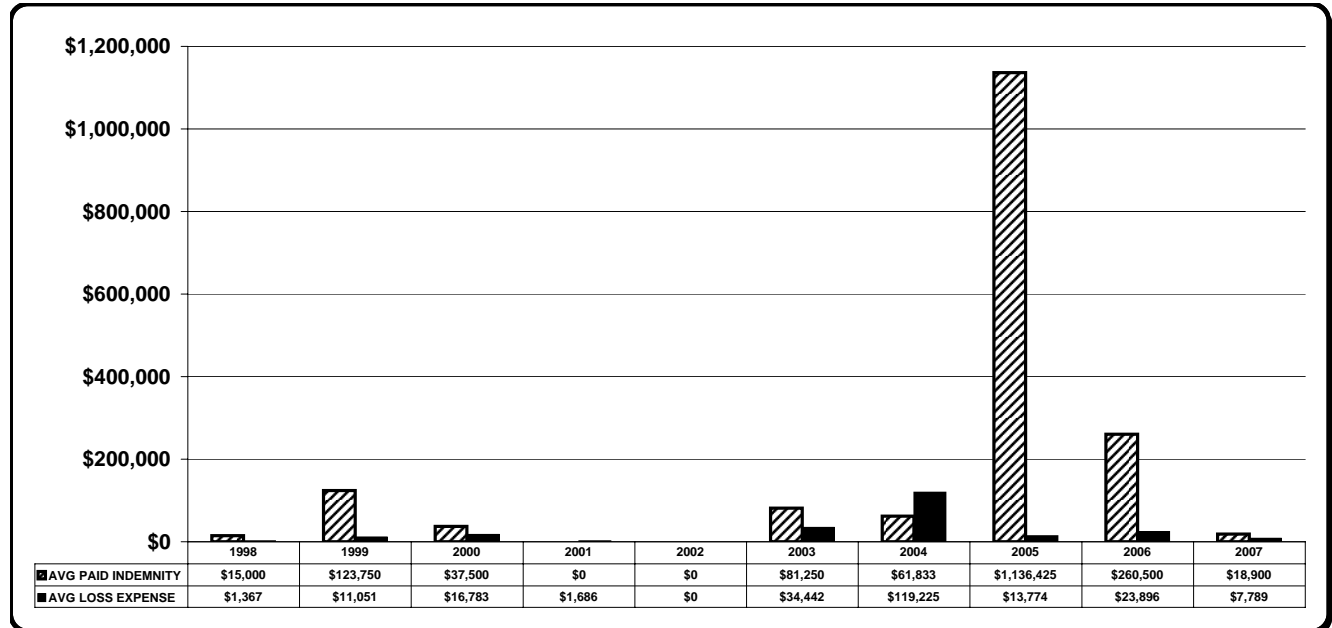


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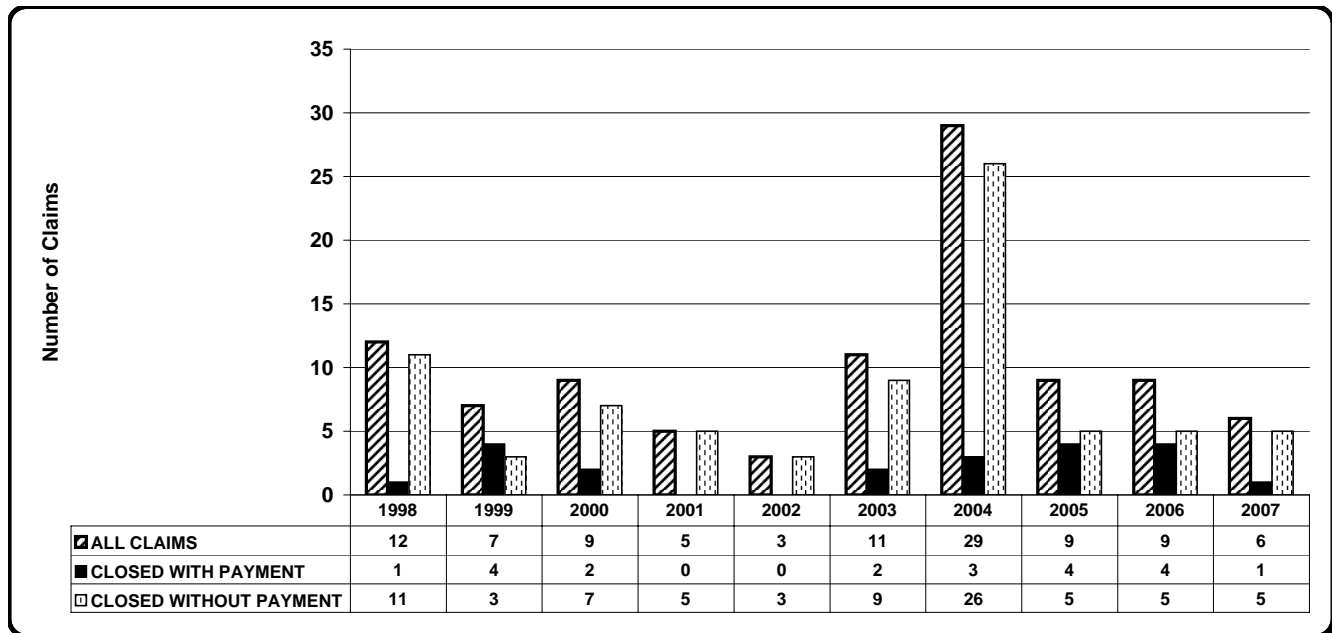


PERSONAL INJURY/PROPERTY DAMAGE - DEFENDANT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

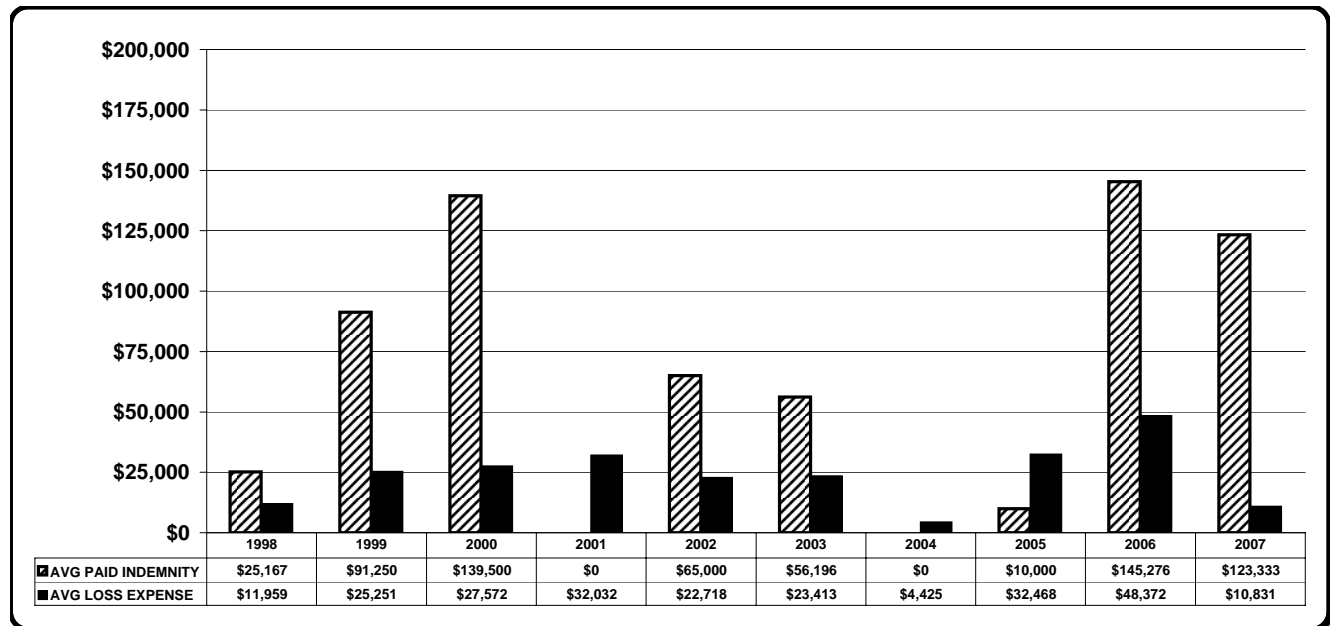


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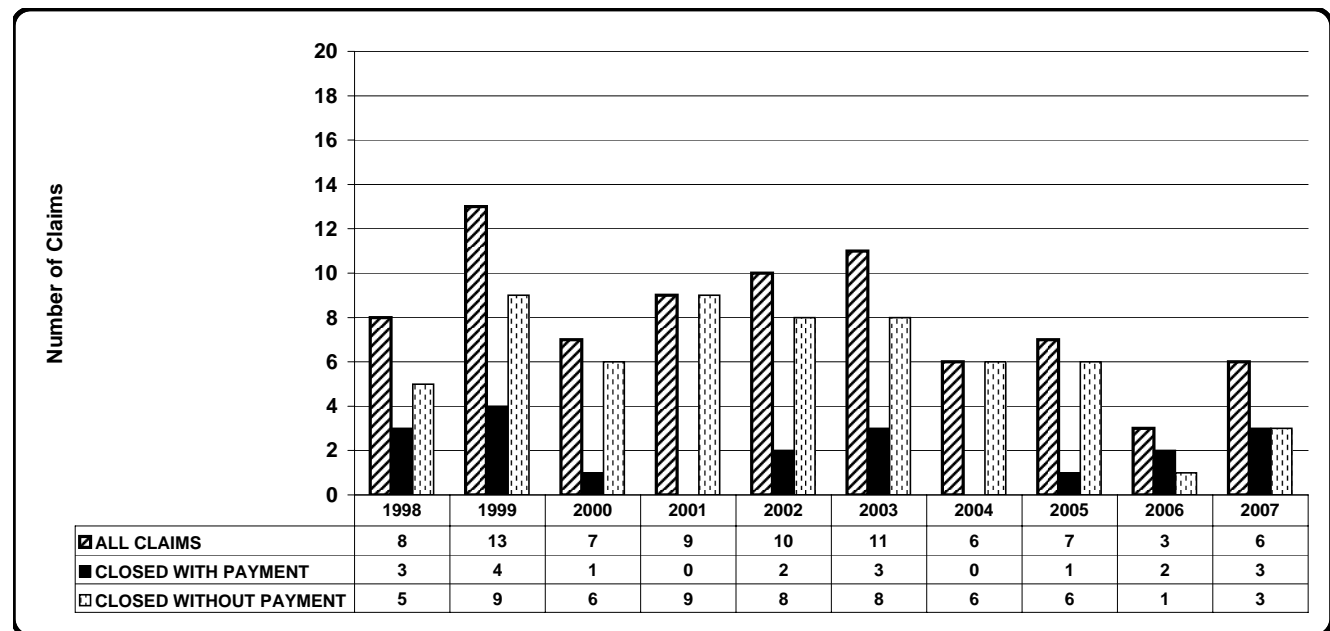


CORPORATE & BUSINESS ORGANIZATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

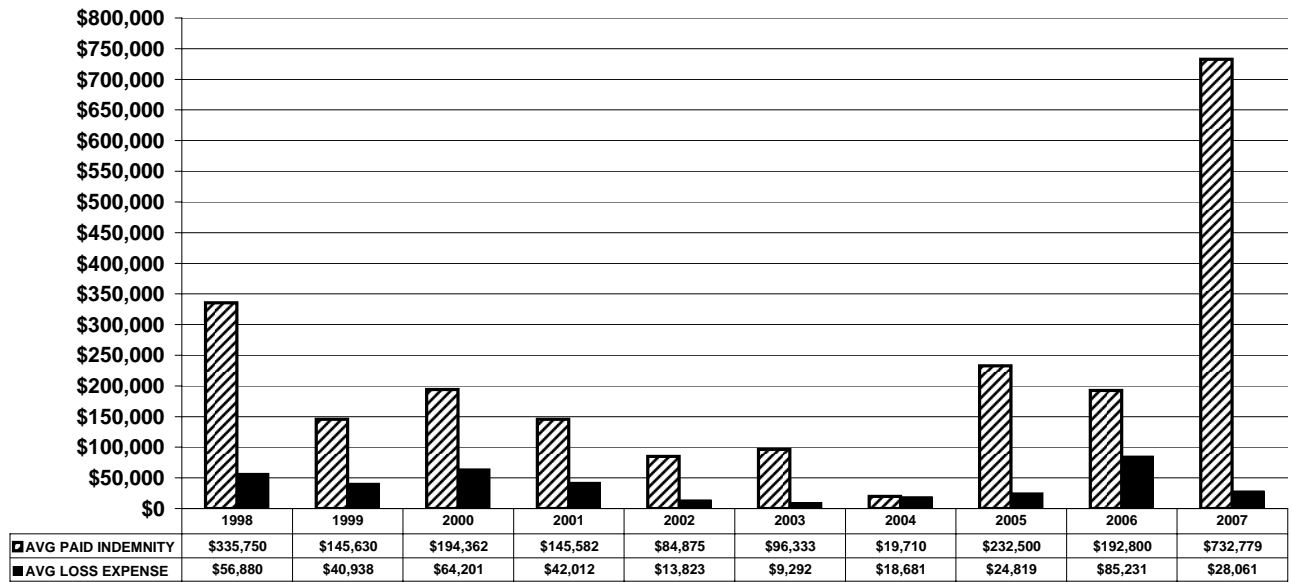


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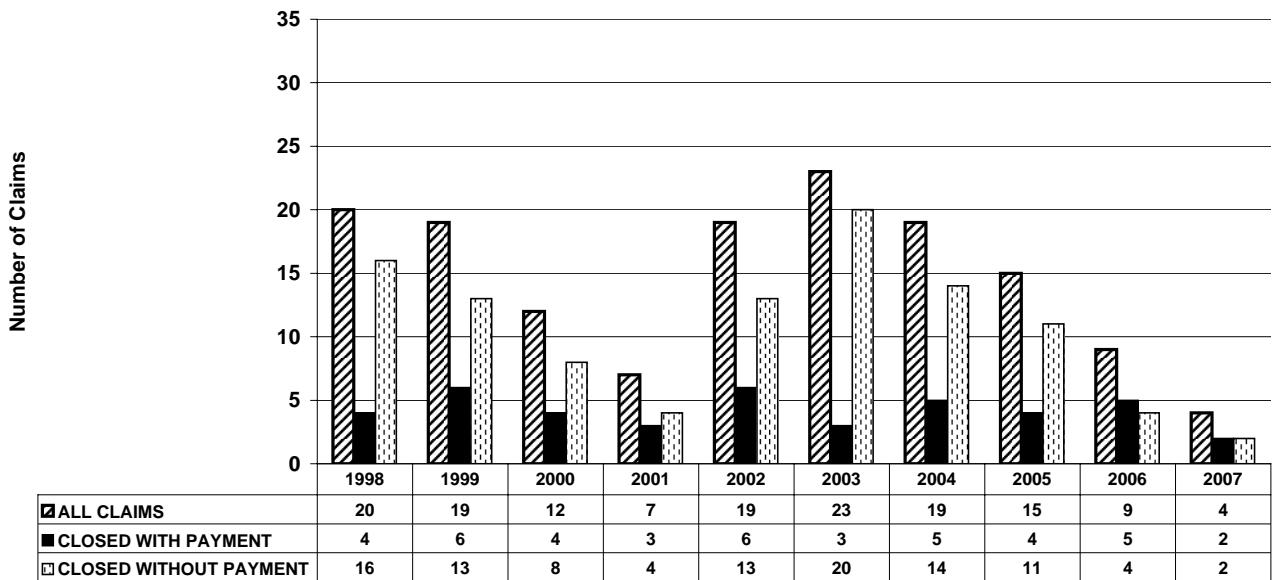


BUSINESS TRANSACTION/COMMERCIAL LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
MAJOR ACTIVITY**

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1998 – 2007

MAJOR ACTIVITY CODE		ALL CLOSED CLAIMS		NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING OTHER		668	235	34.81%	\$84,938	\$19,960,455	29.90%	\$7,455		
PREPARATION, TRANSMITTAL OR FILING		326	66	9.78%	\$70,955	\$4,683,055	7.01%	\$14,048		
SETTLEMENT AND NEGOTIATION		299	85	12.59%	\$75,667	\$6,431,715	9.63%	\$15,427		
PRE-TRIAL, PRE-HEARING		278	60	8.89%	\$71,965	\$4,317,928	6.47%	\$12,875		
		239	72	10.67%	\$51,462	\$3,705,271	5.55%	\$10,451		
CONSULTATION OR ADVICE		199	45	6.67%	\$446,837	\$20,107,687	30.12%	\$58,806		
TRIAL OR HEARING		142	27	4.00%	\$100,299	\$2,708,068	4.06%	\$20,290		
INVESTIGATION, OTHER THAN LITIGATION		128	36	5.33%	\$54,939	\$1,977,794	2.96%	\$10,596		
EXPARTE PROCEEDINGS		80	23	3.41%	\$38,637	\$888,651	1.33%	\$13,040		
POST TRIAL OR HEARING		70	10	1.48%	\$19,248	\$192,476	0.29%	\$5,425		
APPEAL ACTIVITIES		62	11	1.63%	\$43,998	\$483,976	0.72%	\$9,345		
TAX REPORTING OR PAYMENT		14	1	0.15%	\$250,000	\$250,000	0.37%	\$39,676		
REFERRAL TO ANOTHER PROFESSIONAL		10	1	0.15%	\$465,000	\$465,000	0.70%	\$12,723		
OTHER WRITTEN OPINION		7	1	0.15%	\$574,853	\$574,853	0.86%	\$18,320		
TITLE OPINION		6	2	0.30%	\$7,713	\$15,425	0.02%	\$7,975		
TOTAL		2,528	675	100.00%	\$98,907	\$66,762,354	100.00%	\$15,447		

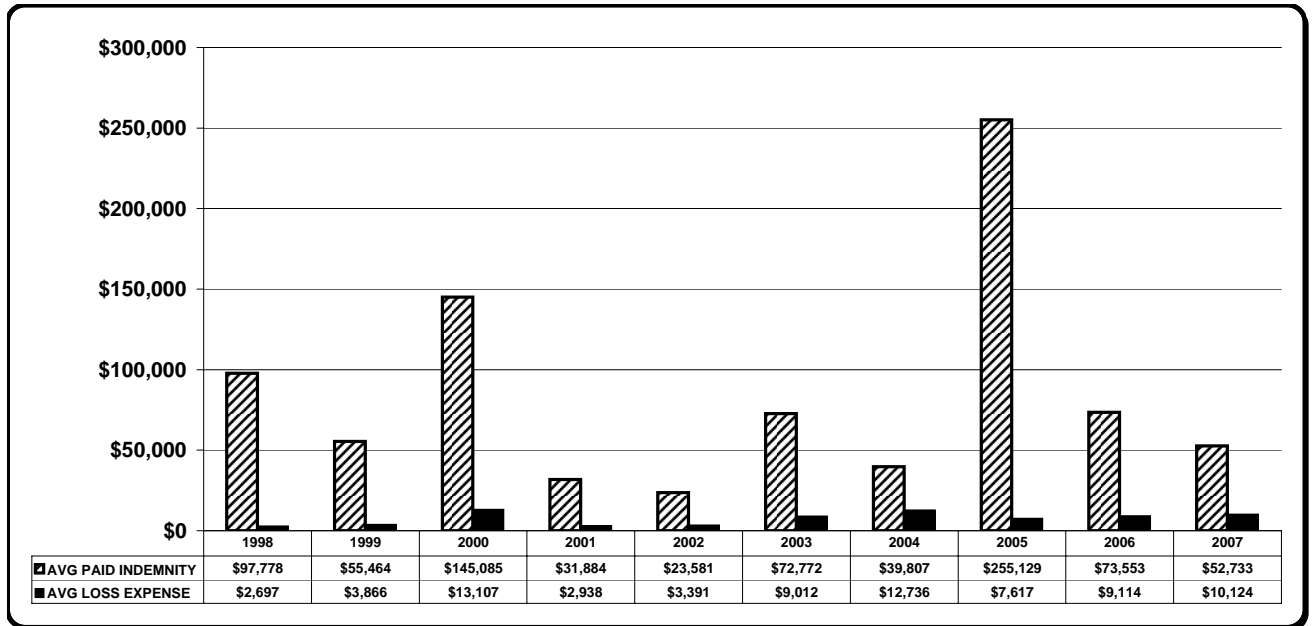
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2007

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	61	15	27.27%	\$52,733	\$791,000	15.11%	\$10,124
PREPARATION, TRANSMITTAL OR FILING	32	9	16.36%	\$91,328	\$821,956	15.70%	\$7,509
PRE-TRIAL, PRE-HEARING	28	7	12.73%	\$26,343	\$184,404	3.52%	\$9,940
SETTLEMENT AND NEGOTIATION	23	5	9.09%	\$108,412	\$542,061	10.36%	\$28,481
CONSULTATION OR ADVICE	18	2	3.64%	\$720,404	\$1,440,808	27.53%	\$16,123
INVESTIGATION, OTHER THAN LITIGATION	14	5	9.09%	\$33,456	\$167,282	3.20%	\$18,854
OTHER	14	5	9.09%	\$68,433	\$342,166	6.54%	\$38,620
POST TRIAL OR HEARING	14	1	1.82%	\$4,990	\$4,990	0.10%	\$2,291
TRIAL OR HEARING	13	3	5.45%	\$35,833	\$107,500	2.05%	\$13,843
APPEAL ACTIVITIES	11	1	1.82%	\$40,000	\$40,000	0.76%	\$15,490
EX PARTE PROCEEDINGS	2	1	1.82%	\$216,767	\$216,767	4.14%	\$27,234
OTHER WRITTEN OPINION	1	1	1.82%	\$574,853	\$574,853	10.98%	\$112,617
TITLE OPINION	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	232	55	100.00%	\$95,160	\$5,233,787	100.00%	\$14,809

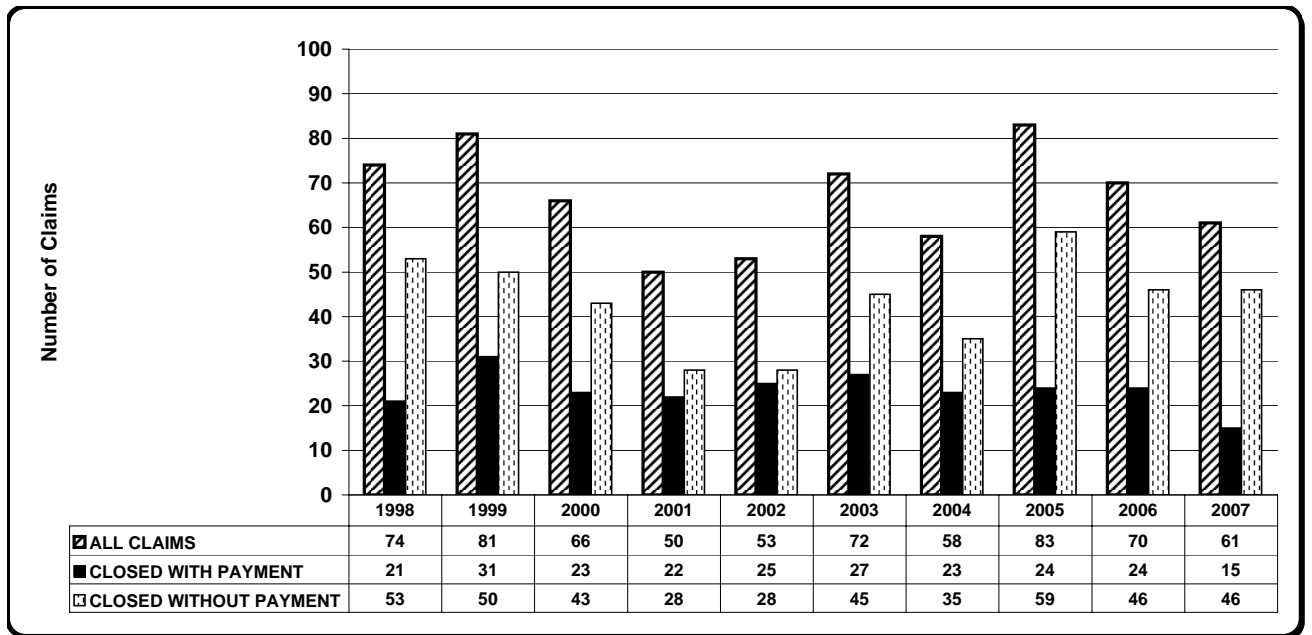
**TRENDS
OF THE TOP TEN
MAJOR ACTIVITY
OF 2007**

COMMENCEMENT OF ACTION OR PROCEEDING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

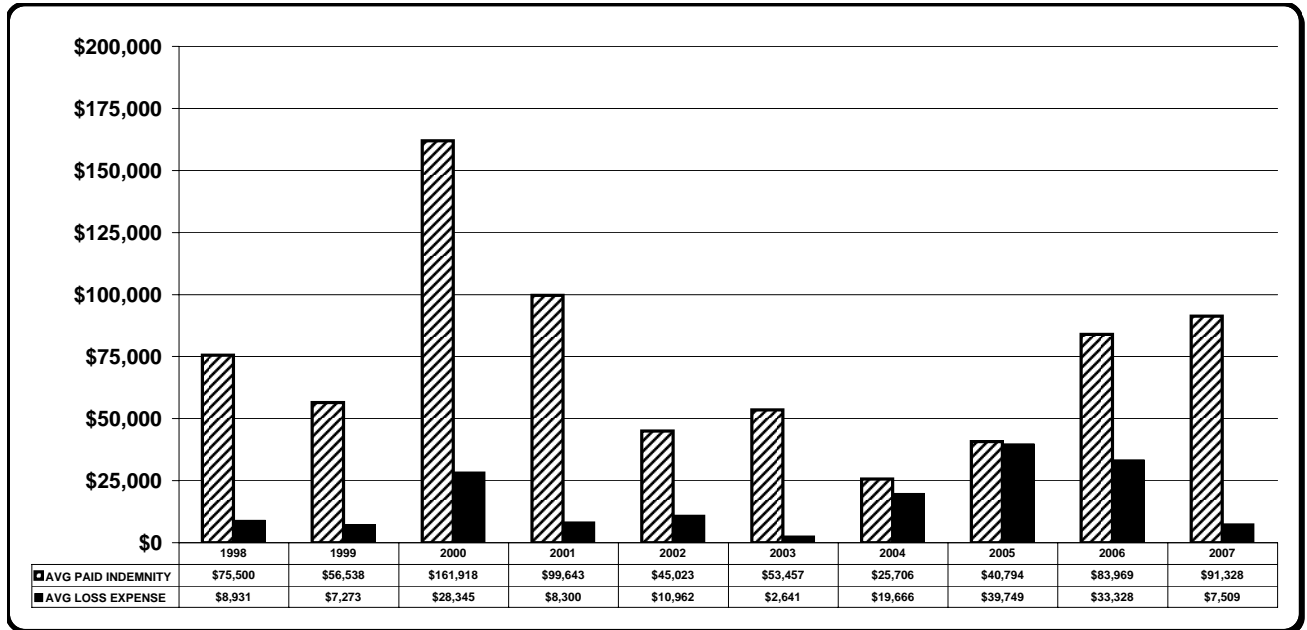


CLAIM COUNT

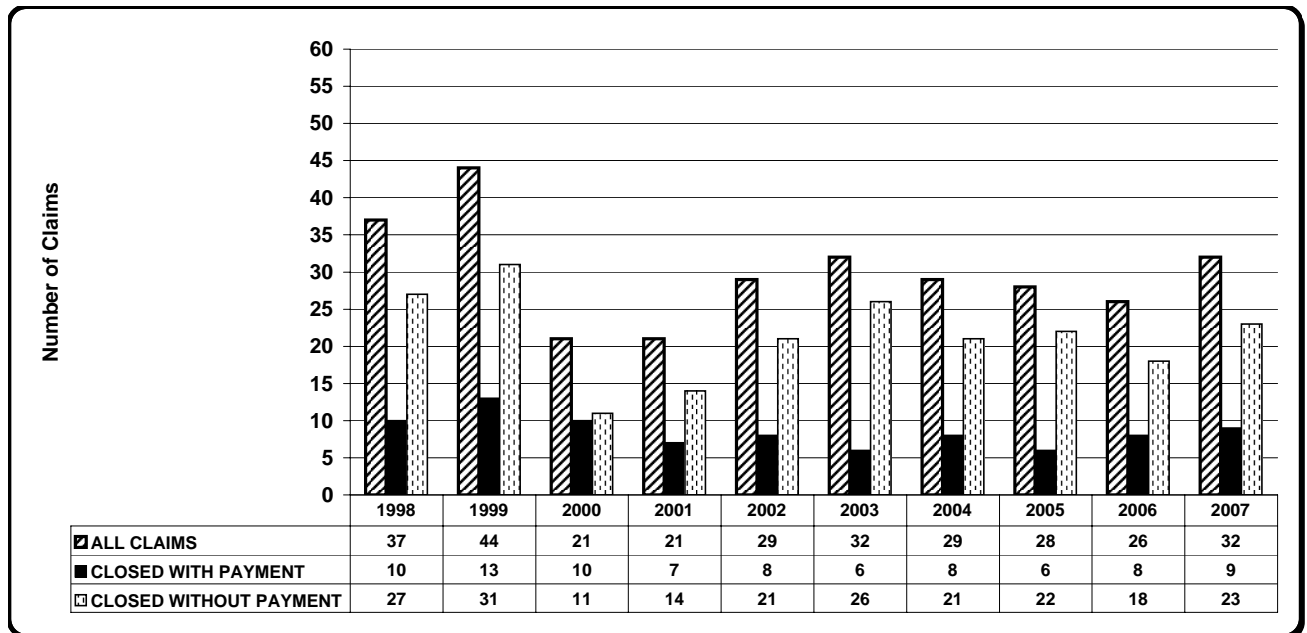


PREPARATION, TRANSMITTAL OR FILING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

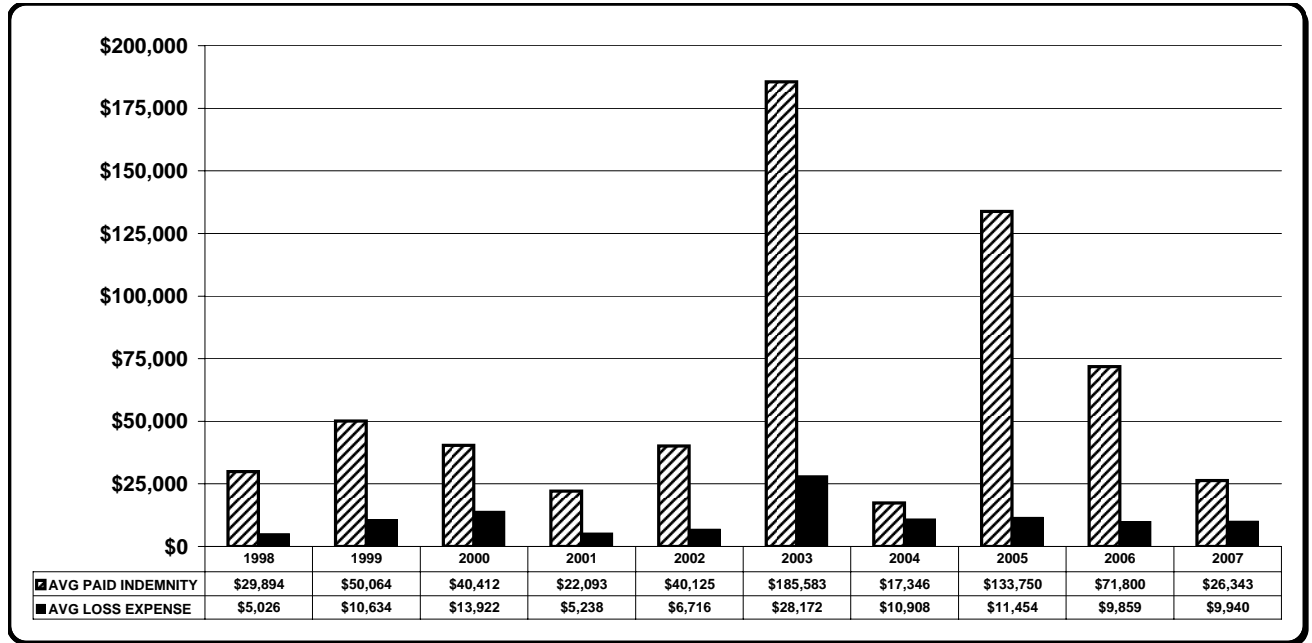


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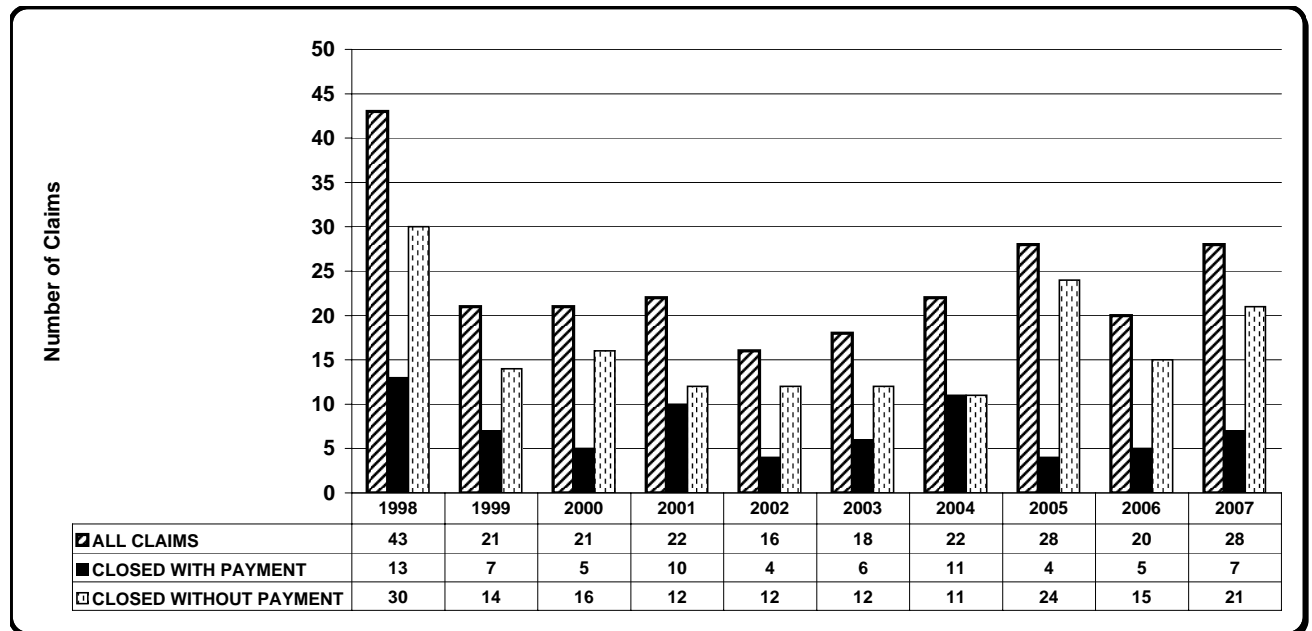


PRE-TRIAL, PRE-HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

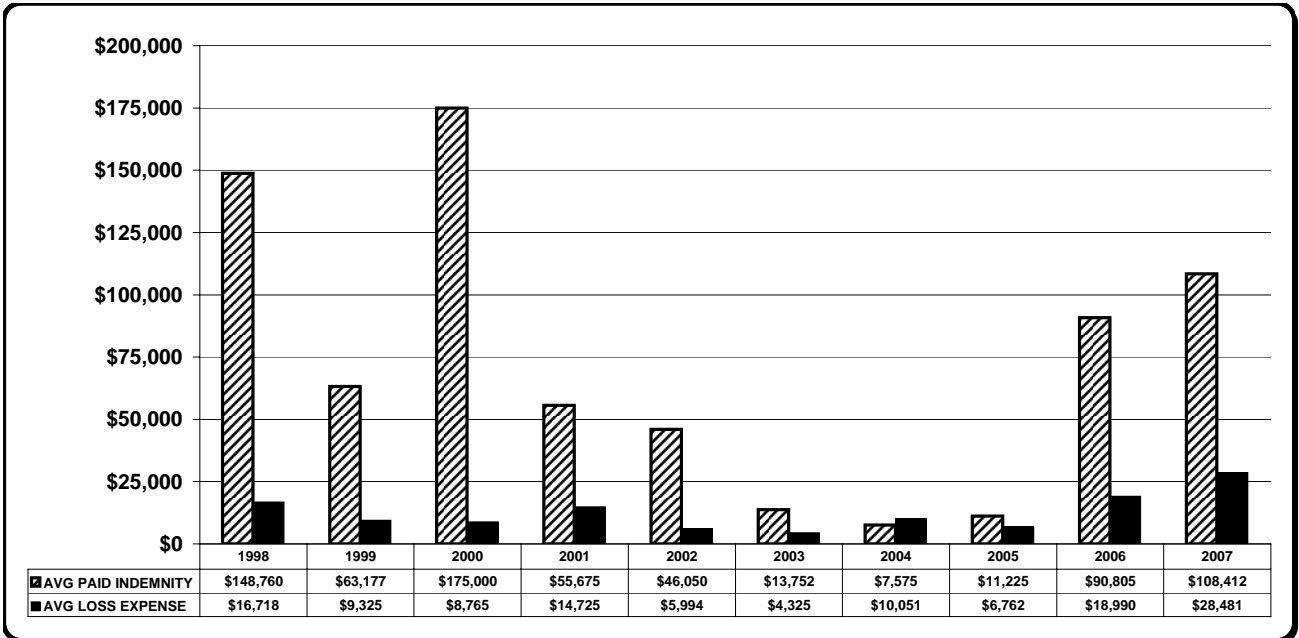


CLAIM COUNT

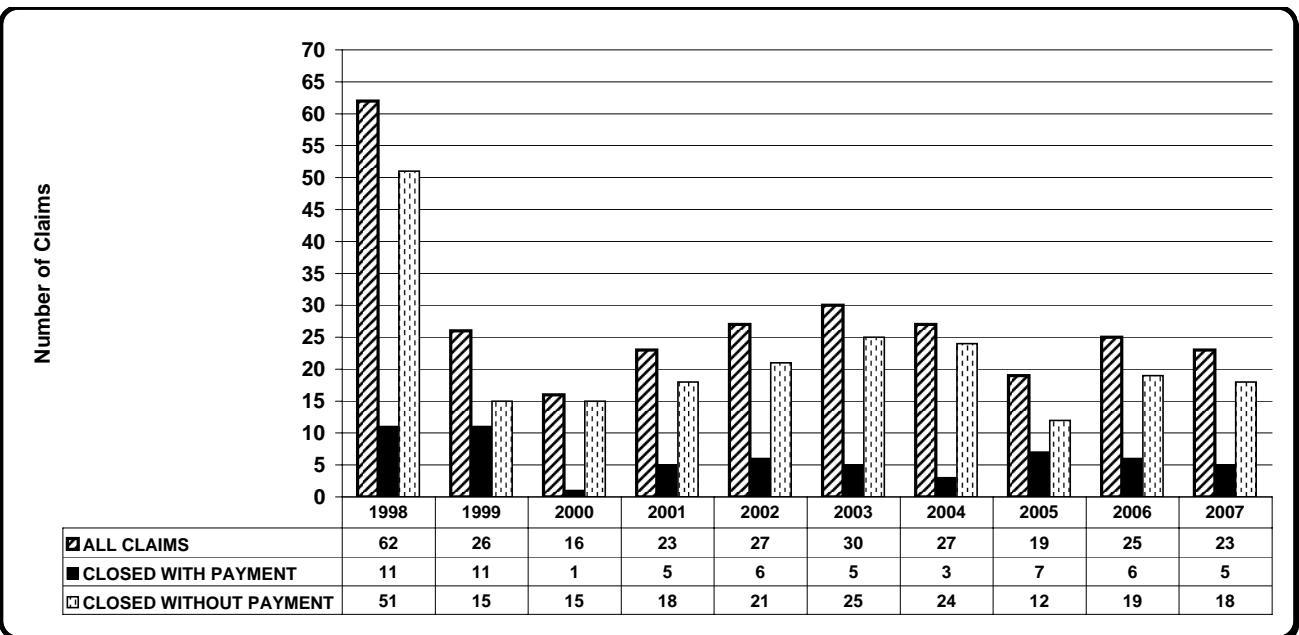


SETTLEMENT AND NEGOTIATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

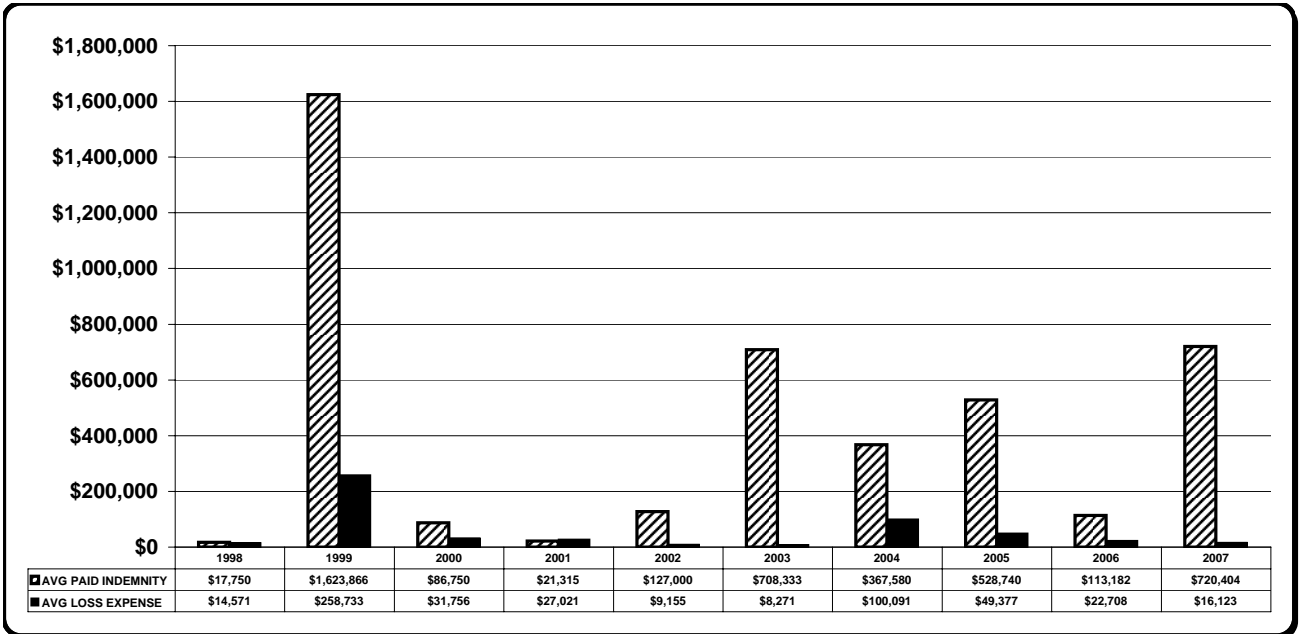


CLAIM COUNT

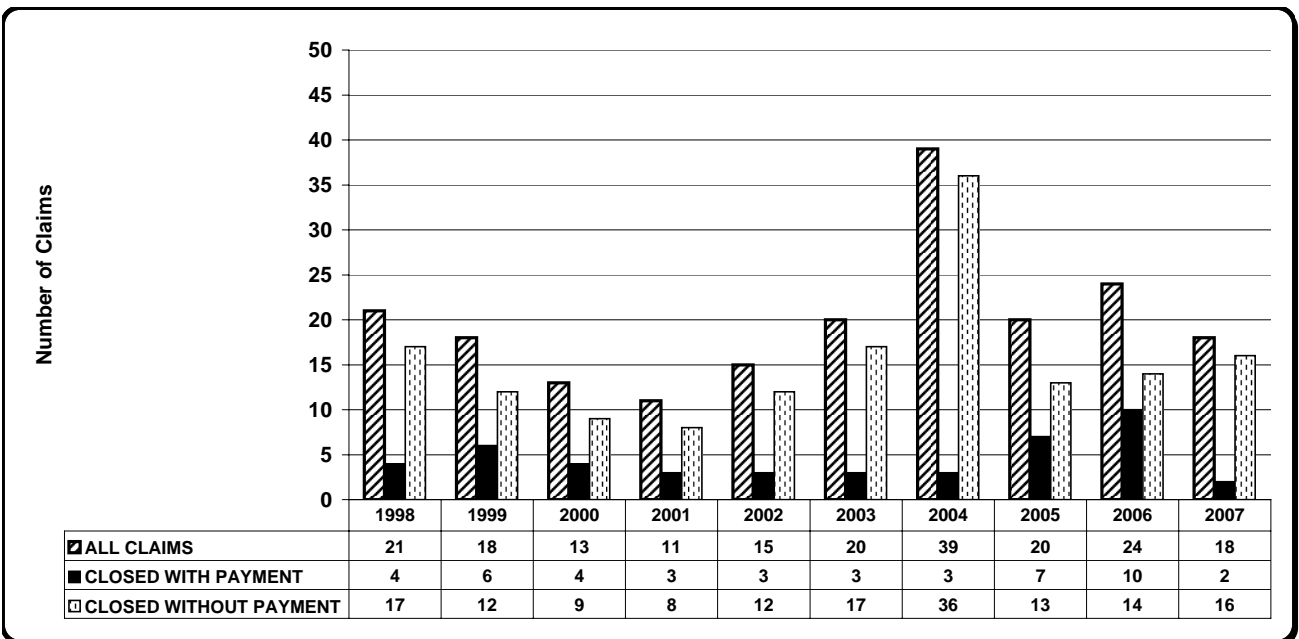


CONSULTATION OR ADVICE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

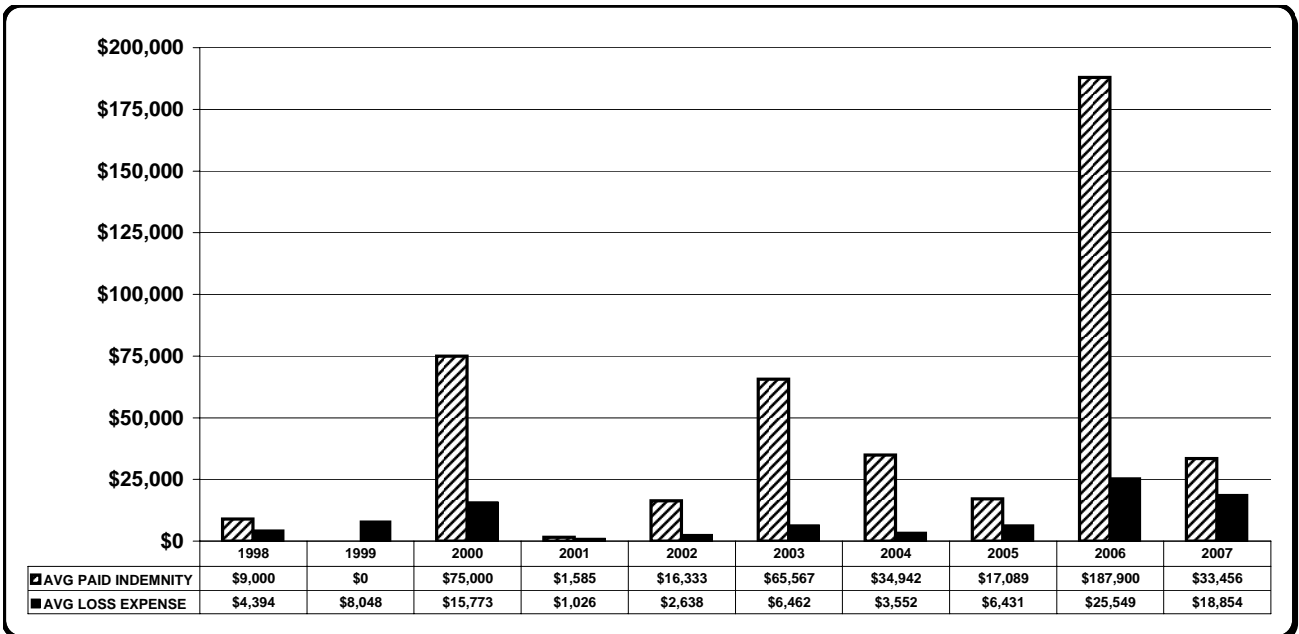


CLAIM COUNT

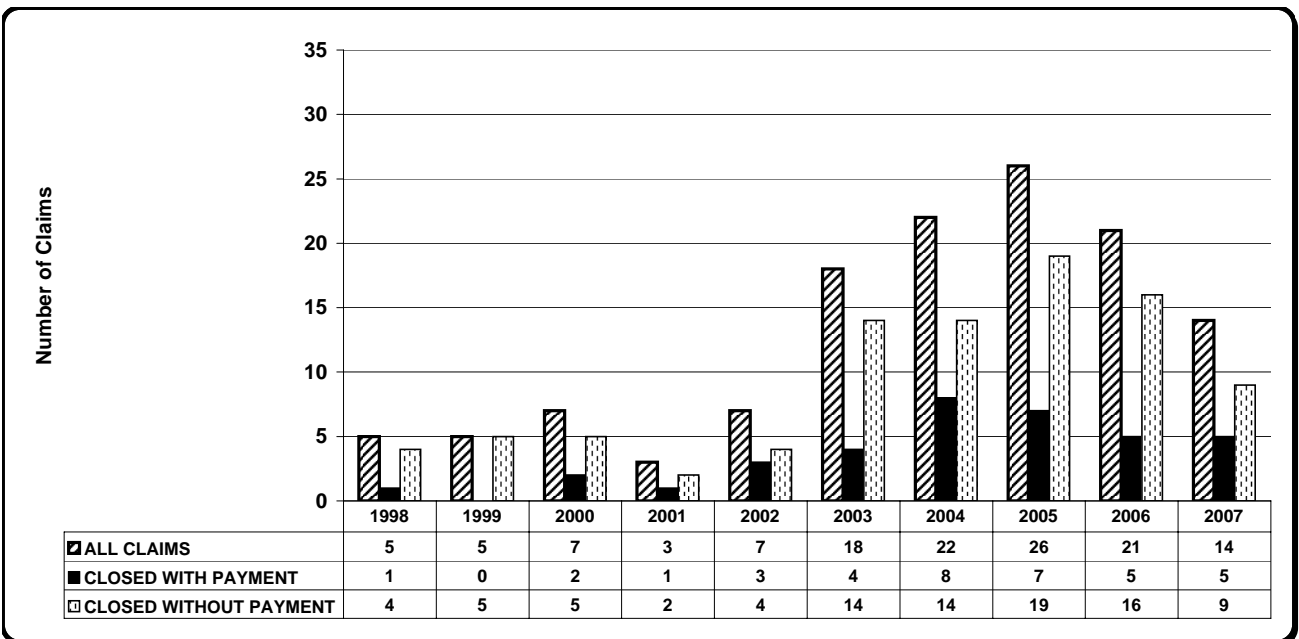


INVESTIGATION, OTHER THAN LITIGATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

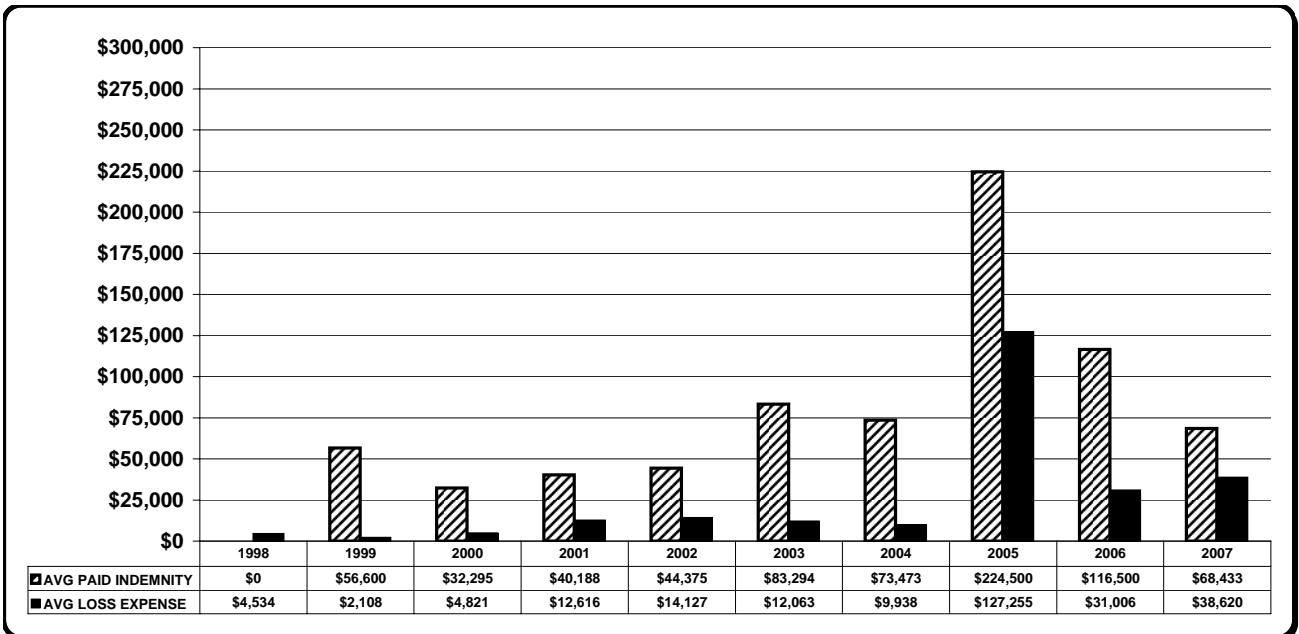


CLAIM COUNT

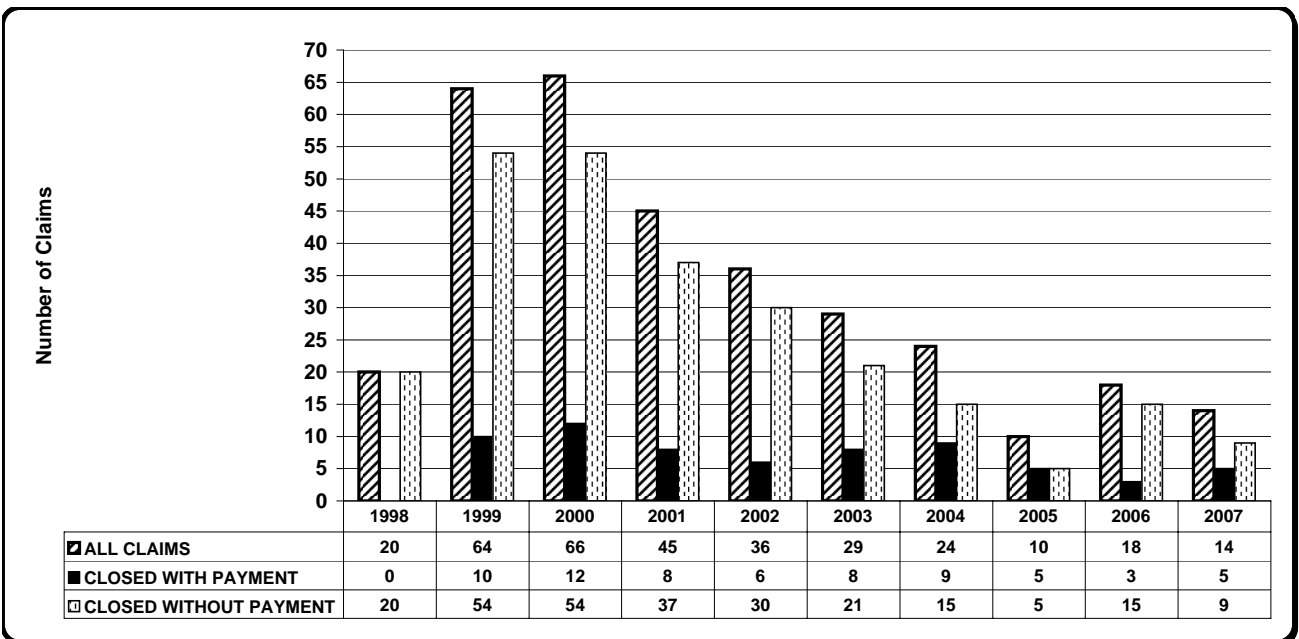


OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

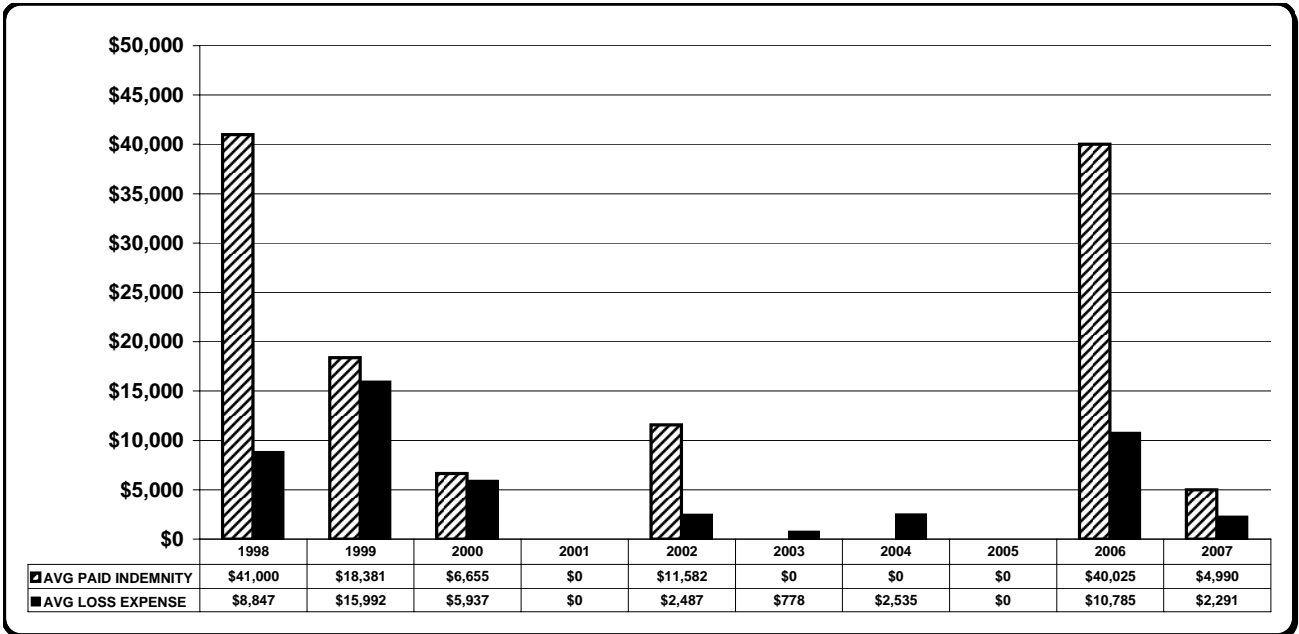


CLAIM COUNT

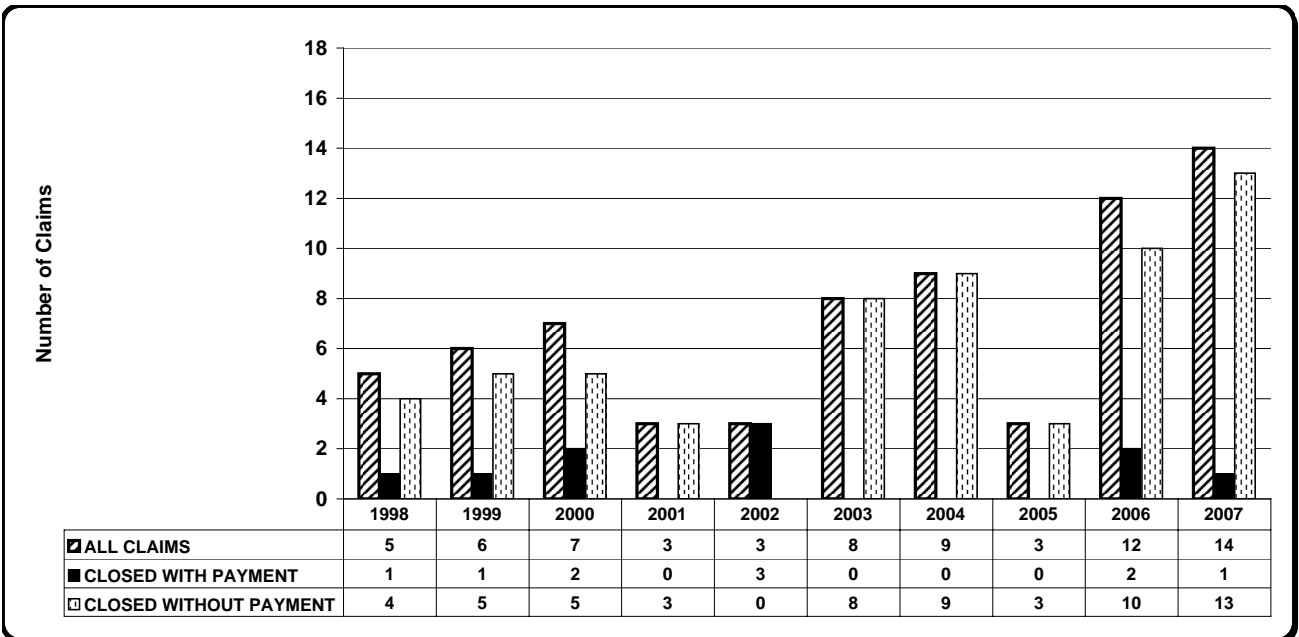


POST TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

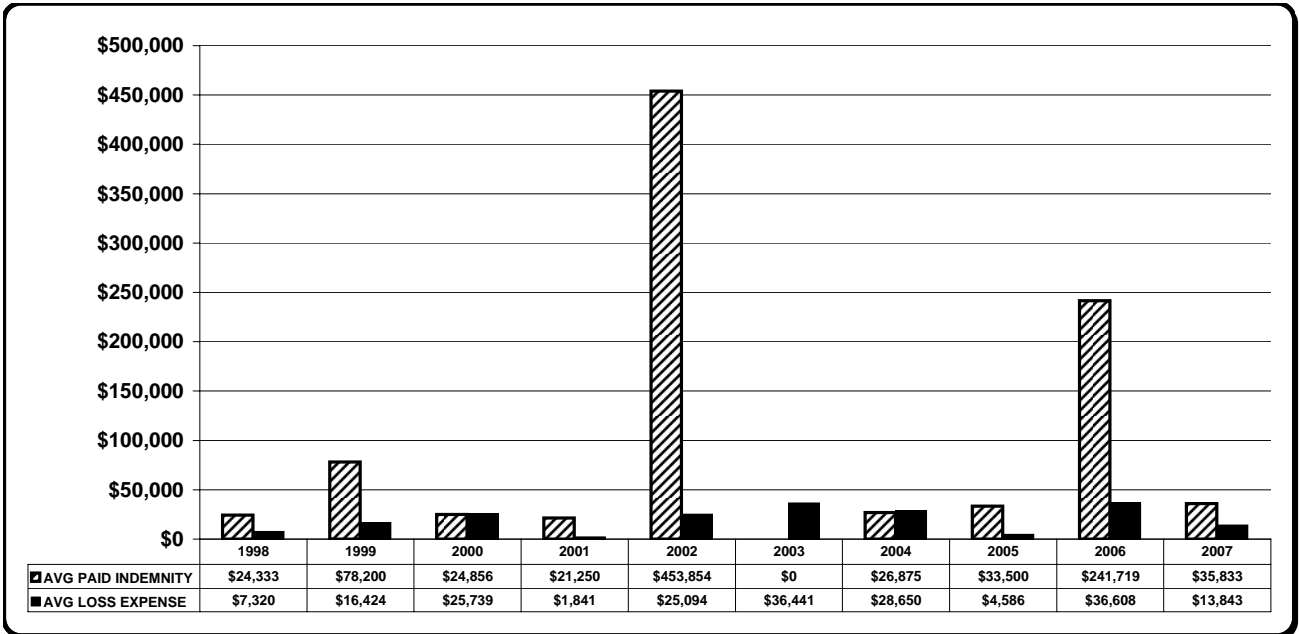


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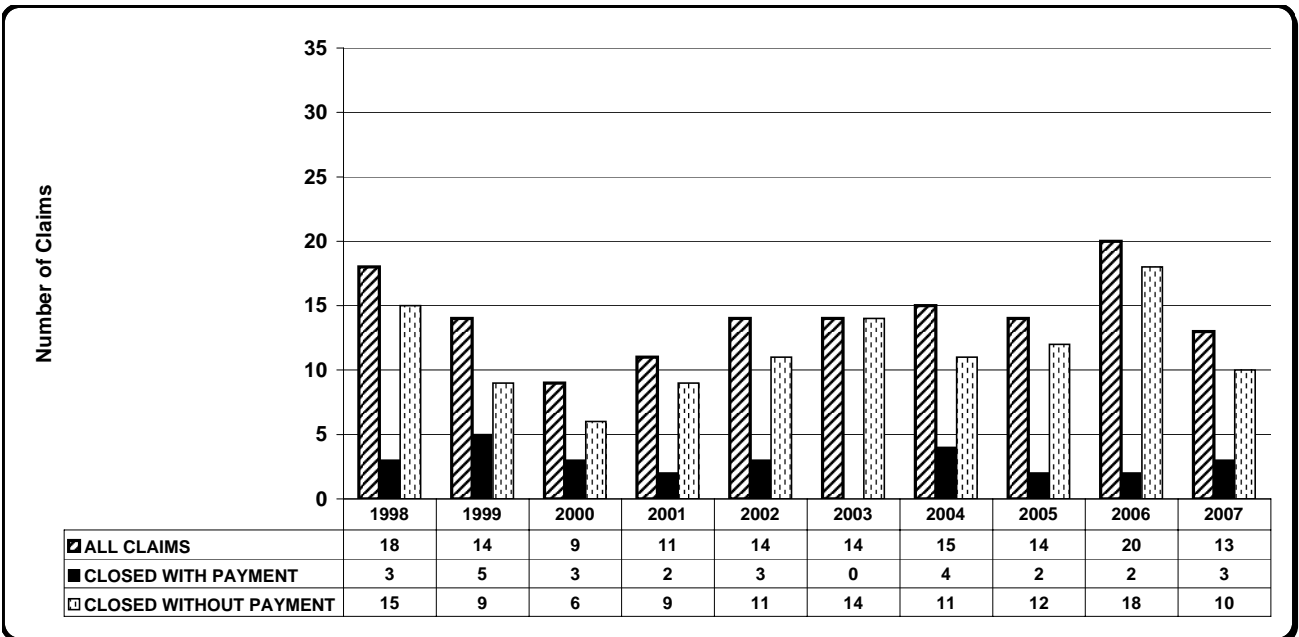


TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

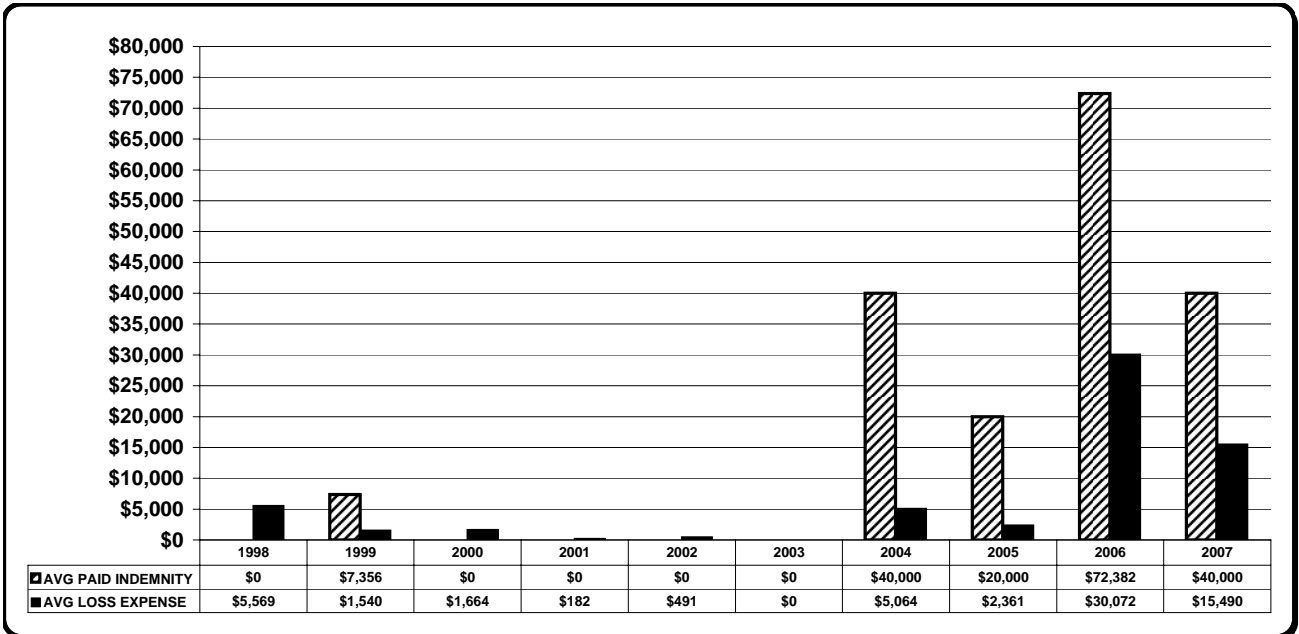


CLAIM COUNT

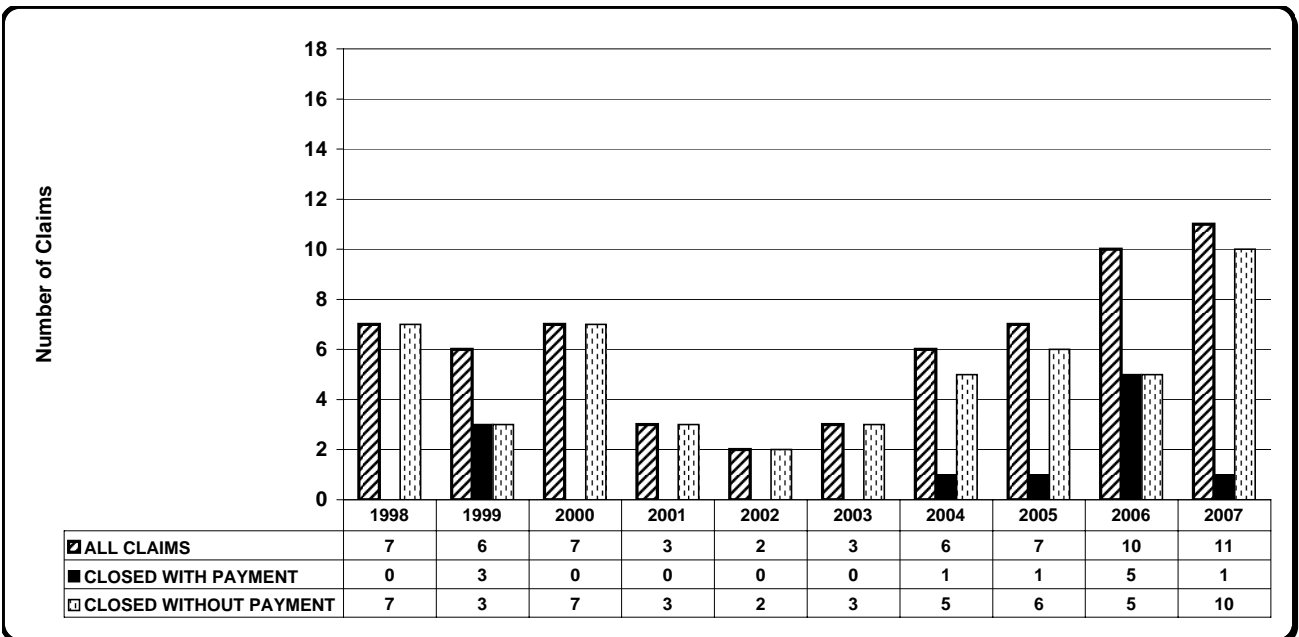


APPEAL ACTIVITIES

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
ALLEGED ERRORS OR OMISSIONS**

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1998 – 2007

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
				PAID	PER PAID CLAIM			
FAIL TO ASCERTAIN DEADLINE CORRECTLY	451	186	27.56%	\$54,224		\$10,085,653	15.11%	\$9,538
PROCRASTINATION OR LACK OF FOLLOW-UP	297	68	10.07%	\$114,108		\$7,759,341	11.62%	\$9,751
PLANNING OR STRATEGY ERROR	254	62	9.19%	\$156,443		\$9,699,466	14.53%	\$22,131
OTHER	192	40	5.93%	\$47,082		\$1,883,264	2.82%	\$12,241
FAIL TO KNOW OR PROPERLY APPLY THE LAW	166	44	6.52%	\$226,717		\$9,975,532	14.94%	\$20,988
INADEQUATE INVESTIGATION	136	27	4.00%	\$99,780		\$2,694,054	4.04%	\$15,910
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	132	14	2.07%	\$17,884		\$250,381	0.38%	\$7,939
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	127	33	4.89%	\$89,920		\$2,967,361	4.44%	\$15,003
CONFLICT OF INTEREST	117	27	4.00%	\$81,680		\$2,205,370	3.30%	\$18,423
FAILURE TO REACT TO CALENDAR	92	38	5.63%	\$42,723		\$1,623,475	2.43%	\$2,979
FAIL TO OBTAIN CLIENTS CONSENT	91	20	2.96%	\$93,585		\$1,871,695	2.80%	\$45,723
FRAUD	80	14	2.07%	\$671,491		\$9,400,872	14.08%	\$67,919
CLERICAL ERROR	69	23	3.41%	\$29,200		\$671,610	1.01%	\$3,056
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	65	19	2.81%	\$82,185		\$1,561,524	2.34%	\$21,313
FAILURE TO CALENDAR PROPERLY	62	29	4.30%	\$80,784		\$2,342,737	3.51%	\$3,381
VIOLATION OF CIVIL RIGHTS	56	5	0.74%	\$112,600		\$563,000	0.84%	\$7,268
IMPROPER WITHDRAWAL FROM REPRESENTATION	39	9	1.33%	\$34,857		\$313,710	0.47%	\$6,164
ERROR IN MATHEMATICAL CALCULATION	27	5	0.74%	\$71,183		\$355,914	0.53%	\$5,990
LIBEL OR SLANDER	26	1	0.15%	\$21,300		\$21,300	0.03%	\$3,385
FAIL TO ANTICIPATE TAX CONSEQUENCES	21	5	0.74%	\$76,017		\$380,086	0.57%	\$18,199
ERROR IN PUBLIC RECORD SEARCH	18	3	0.44%	\$36,370		\$109,109	0.16%	\$3,603
LOST FILE, DOCUMENT OR EVIDENCE	10	3	0.44%	\$8,967		\$26,900	0.04%	\$10,541
TOTAL	2,528	675	100.00%	\$98,907		\$66,762,354	100.00%	\$15,447

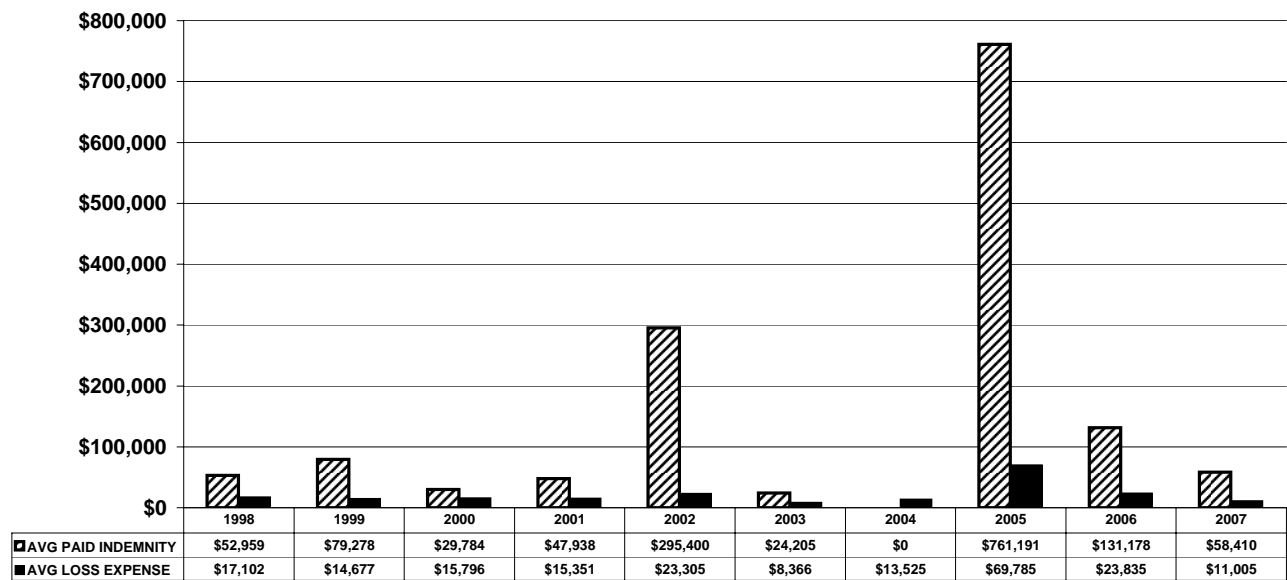
LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
CLAIMS CLOSED IN 2007

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
				PAID	PER PAID CLAIM			
PLANNING OR STRATEGY ERROR	40	8	14.55%	\$58,410		\$467,282	8.93%	\$11,005
FAILURE TO REACT TO CALENDAR	25	6	10.91%	\$36,300		\$217,798	4.16%	\$31
PROCRASTINATION OR LACK OF FOLLOW-UP	20	6	10.91%	\$62,694		\$376,166	7.19%	\$17,315
FAIL TO ASCERTAIN DEADLINE CORRECTLY	19	6	10.91%	\$70,833		\$425,000	8.12%	\$21,007
OTHER	19	7	12.73%	\$42,143		\$295,000	5.64%	\$14,619
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	15	3	5.45%	\$161,667		\$485,000	9.27%	\$34,306
INADEQUATE INVESTIGATION	15	3	5.45%	\$74,422		\$223,267	4.27%	\$22,949
CLERICAL ERROR	14	2	3.64%	\$53,196		\$106,391	2.03%	\$4,683
FAIL TO KNOW OR PROPERLY APPLY THE LAW	14	4	7.27%	\$509,110		\$2,036,440	38.91%	\$39,724
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	9	2	3.64%	\$153,839		\$307,677	5.88%	\$13,087
FAILURE TO CALENDAR PROPERLY	7	1	1.82%	\$30,000		\$30,000	0.57%	\$533
CONFLICT OF INTEREST	6	0	0.00%	N/A		\$0	0.00%	\$1,996
FAIL TO OBTAIN CLIENTS CONSENT	5	2	3.64%	\$22,500		\$45,000	0.86%	\$6,858
FRAUD	5	1	1.82%	\$4,990		\$4,990	0.10%	\$1,011
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	5	0	0.00%	N/A		\$0	0.00%	\$14,345
IMPROPER WITHDRAWAL FROM REPRESENTATION	4	1	1.82%	\$25,000		\$25,000	0.48%	\$23,242
ERROR IN PUBLIC RECORD SEARCH	3	1	1.82%	\$46,606		\$46,606	0.89%	\$14,144
VIOLATION OF CIVIL RIGHTS	3	0	0.00%	N/A		\$0	0.00%	\$1,184
ERROR IN MATHEMATICAL CALCULATION	2	1	1.82%	\$124,670		\$124,670	2.38%	\$7,712
LOST FILE, DOCUMENT OR EVIDENCE	2	1	1.82%	\$17,500		\$17,500	0.33%	\$45,990
TOTAL	232	55	100.00%	\$95,160		\$5,233,787	100.00%	\$14,809

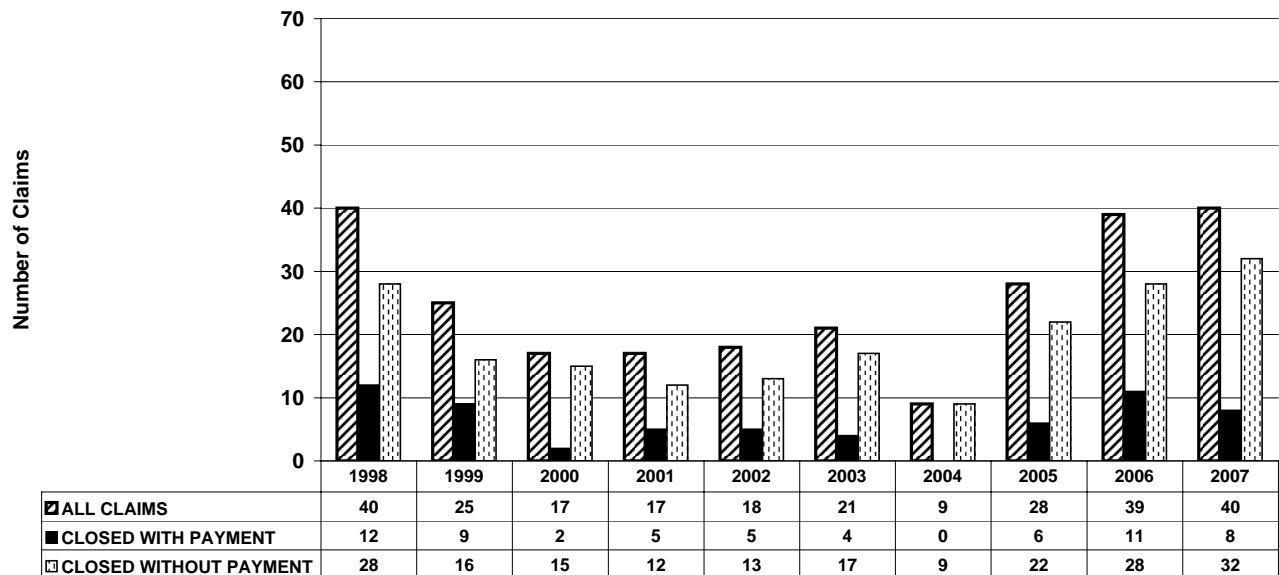
**TRENDS
OF THE TOP TEN
ERRORS OR OMISSIONS
OF 2007**

PLANNING OR STRATEGY ERROR

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

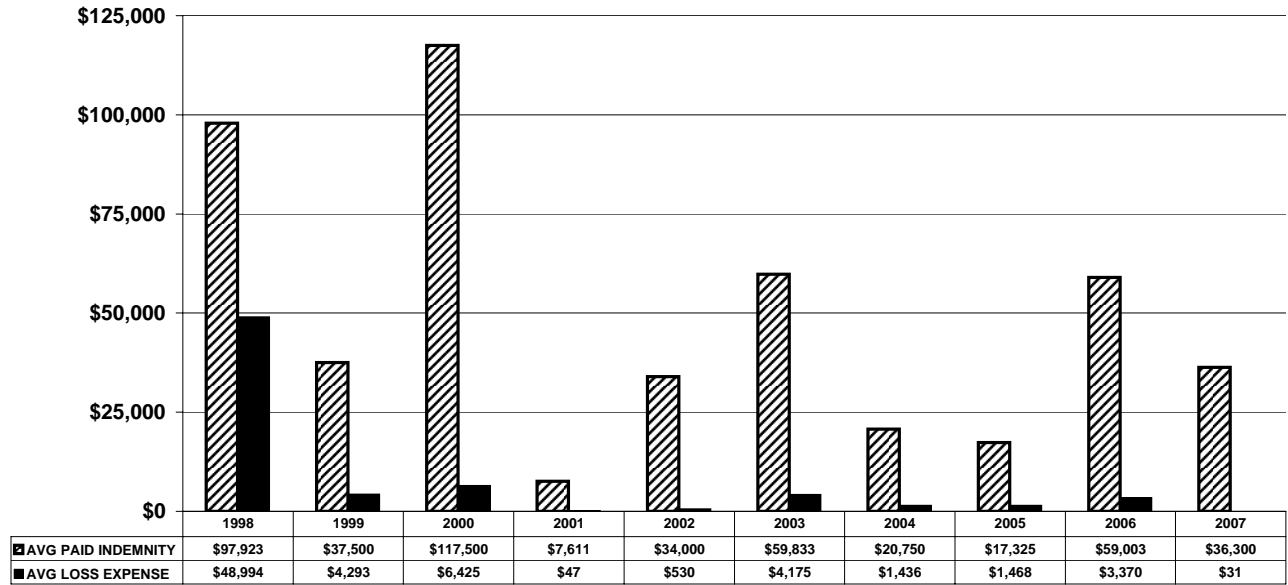


CLAIM COUNT

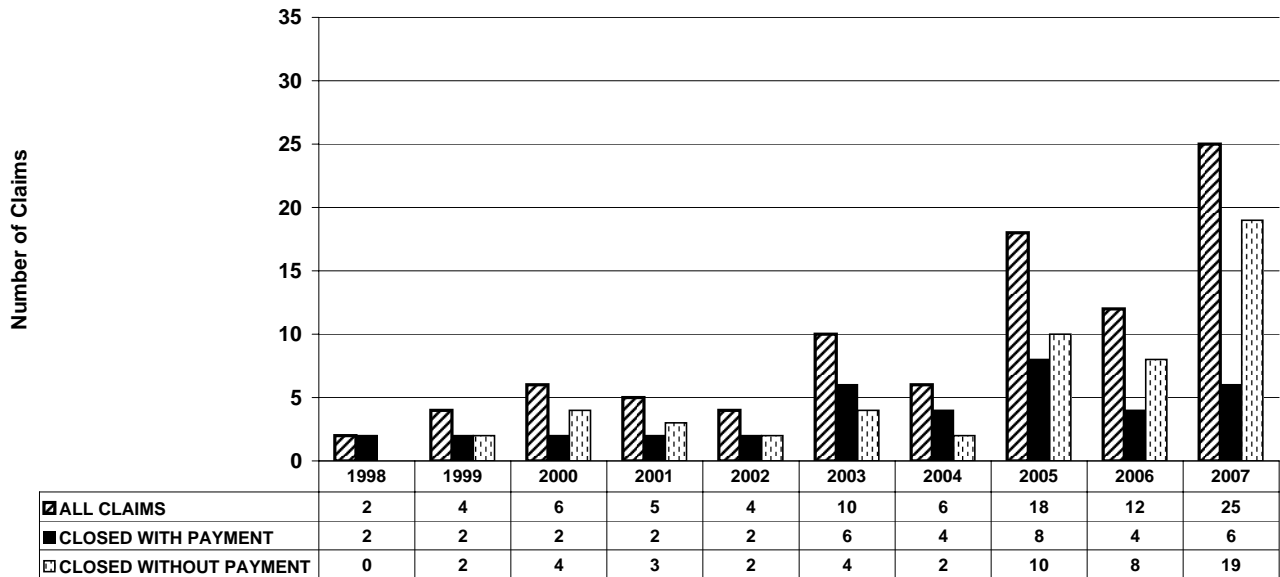


FAILURE TO REACT TO CALENDAR

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

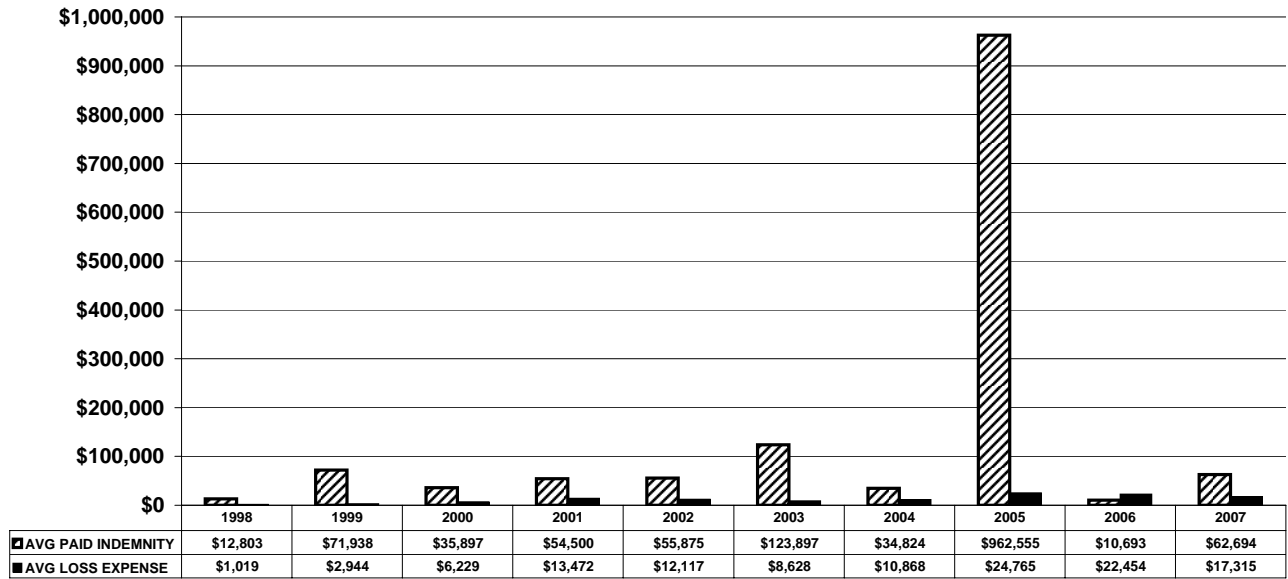


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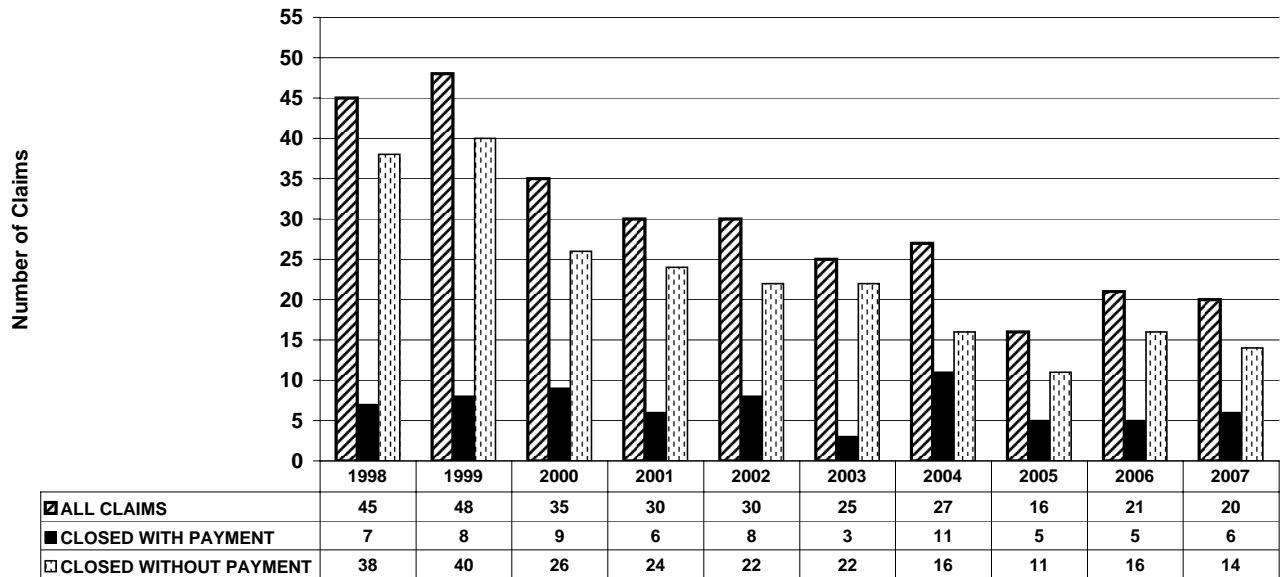


PROCRASTINATION OR LACK OF FOLLOW-UP

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

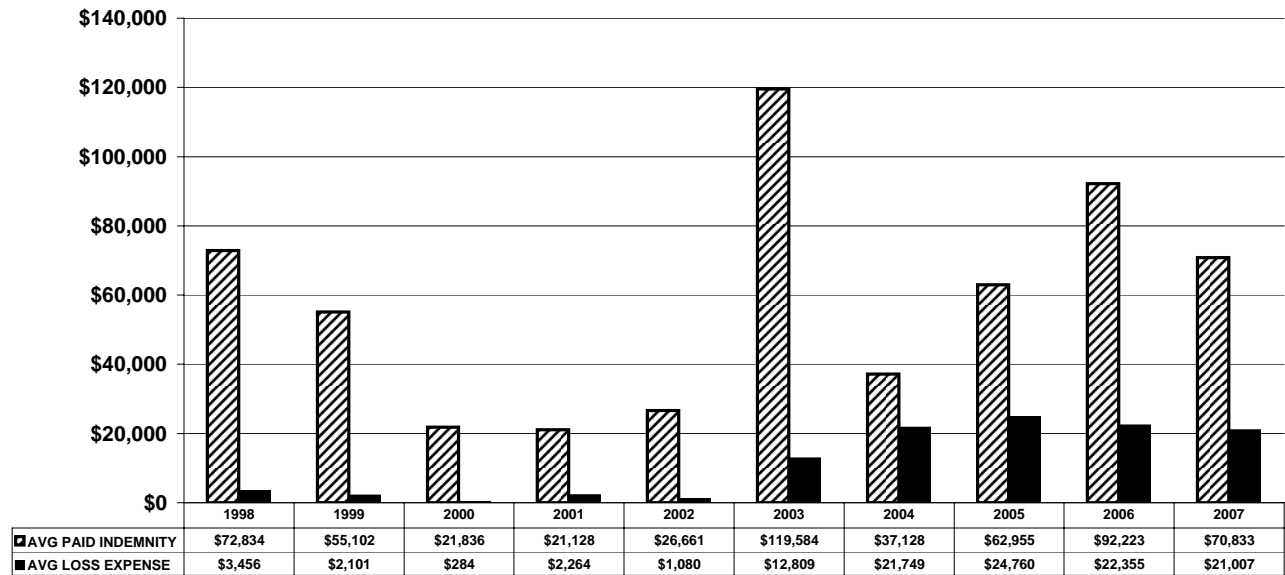


CLAIM COUNT

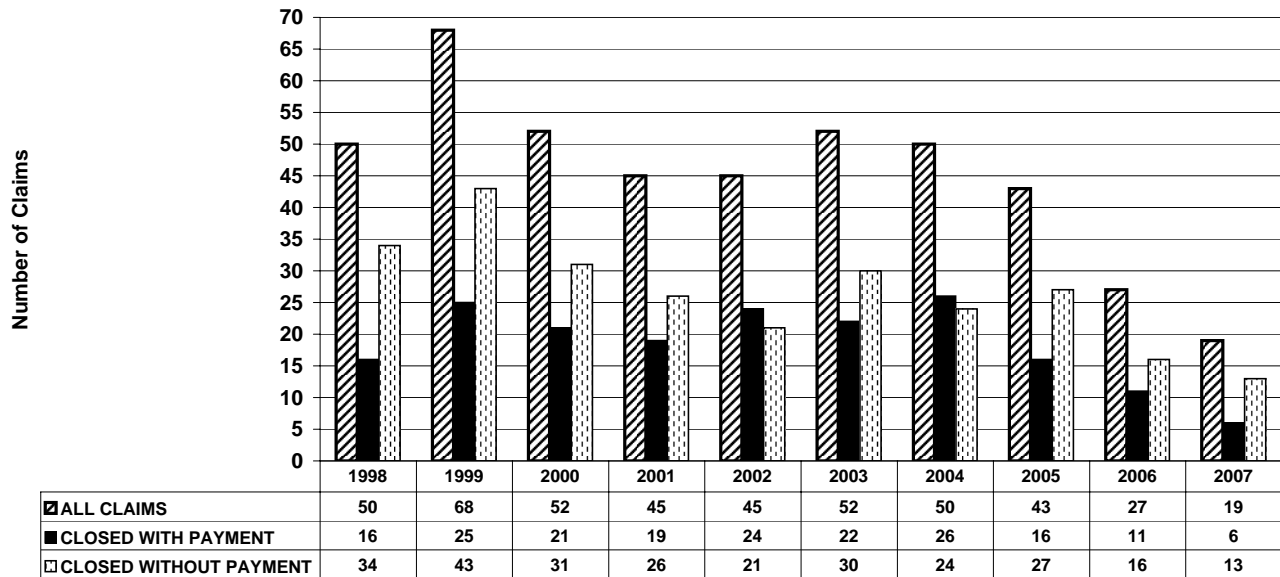


FAIL TO ASCERTAIN DEADLINE CORRECTLY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

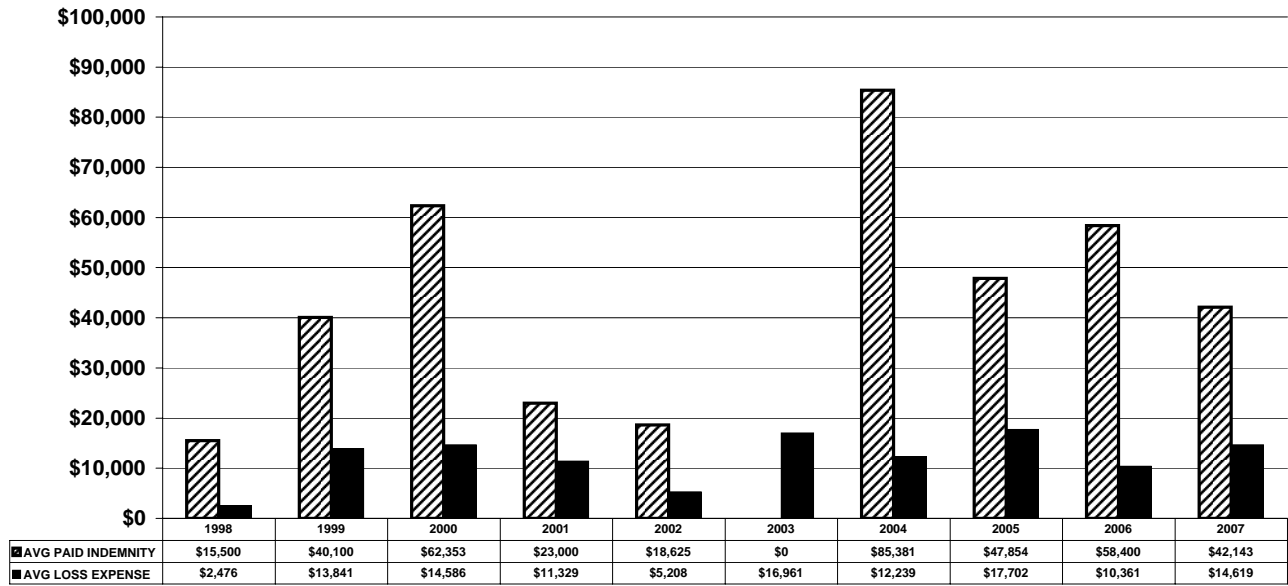


CLAIM COUNT

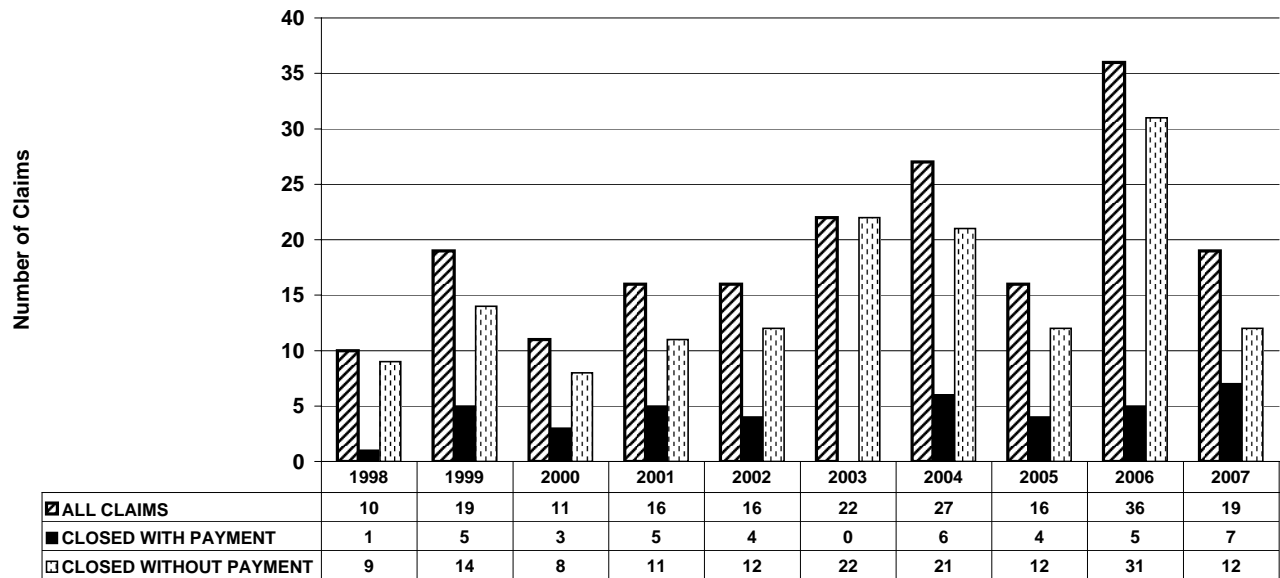


OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

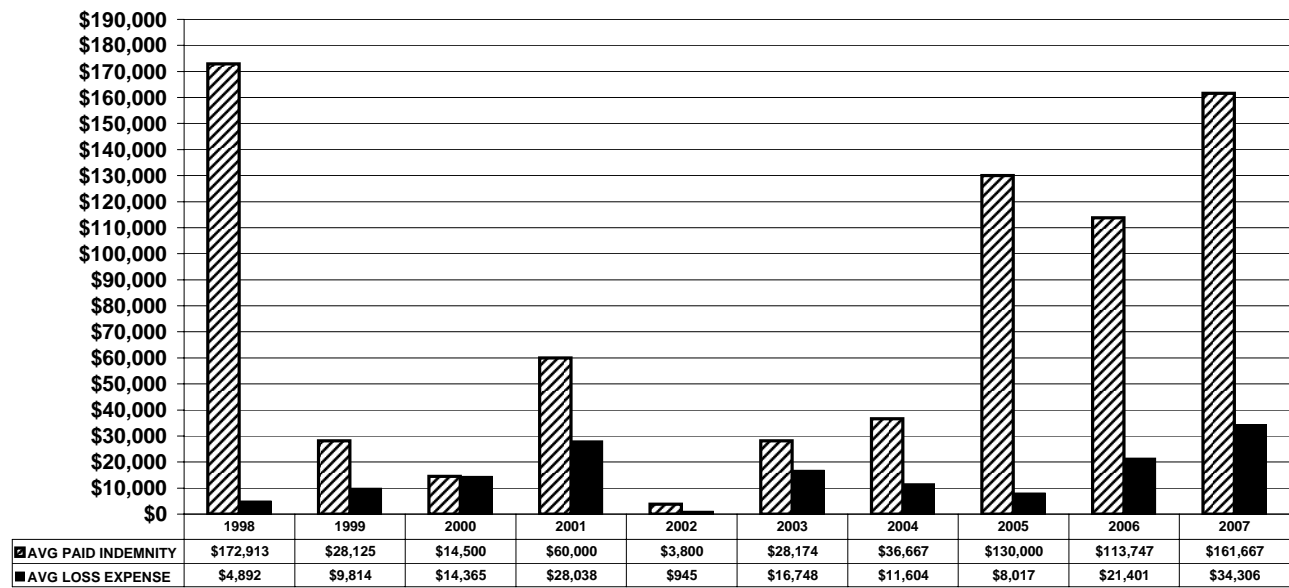


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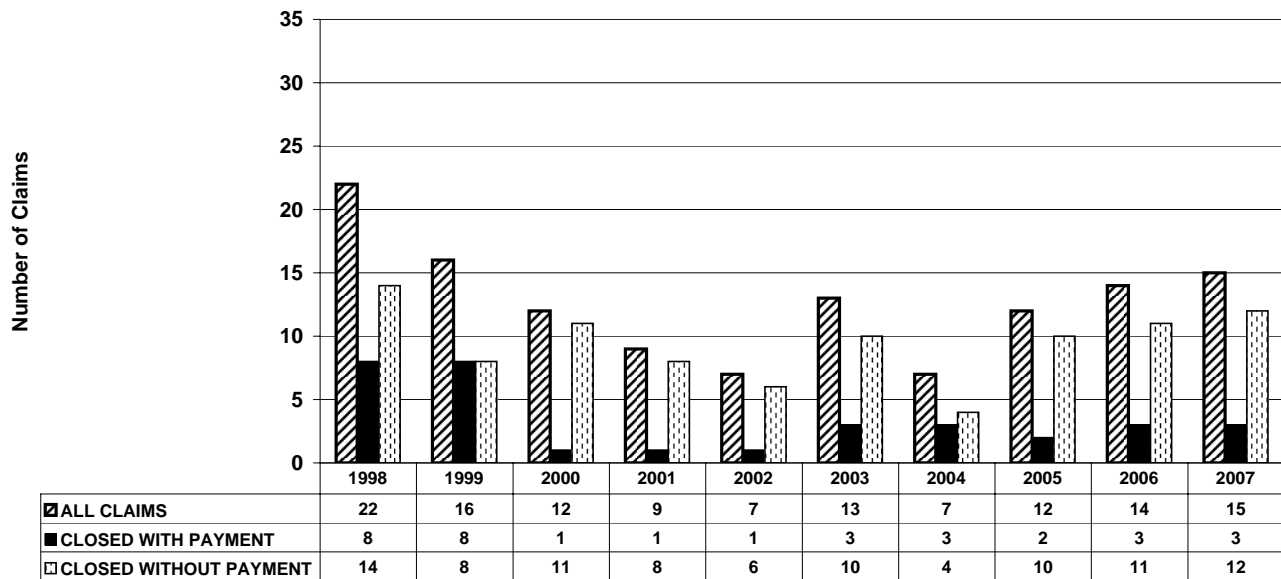


FAIL TO FOLLOW CLIENTS INSTRUCTIONS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

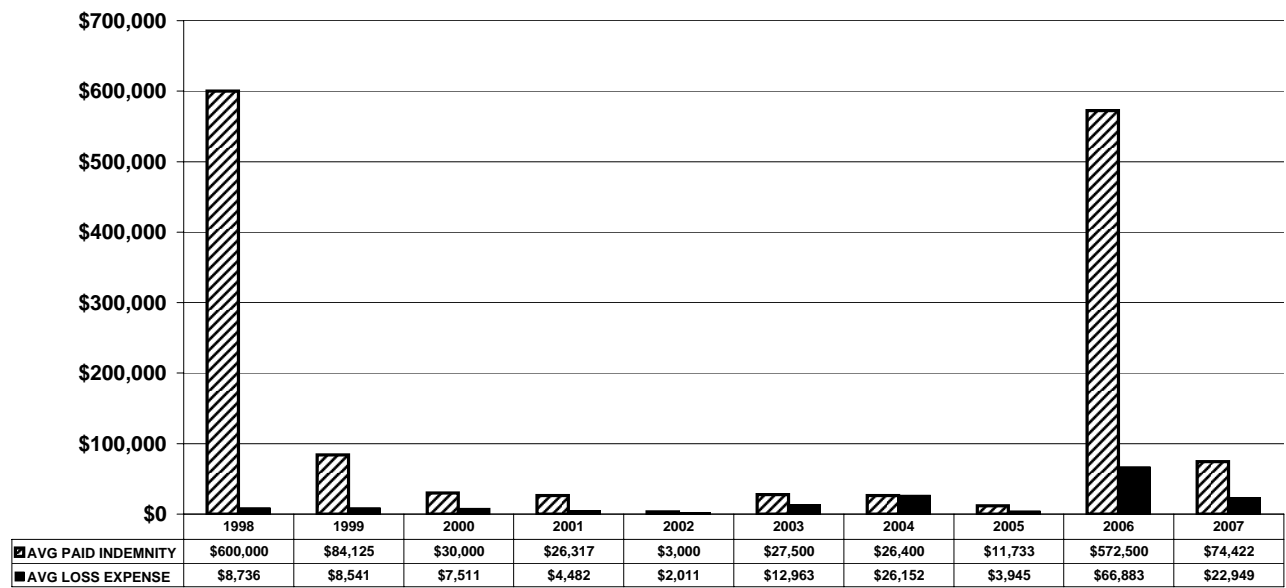


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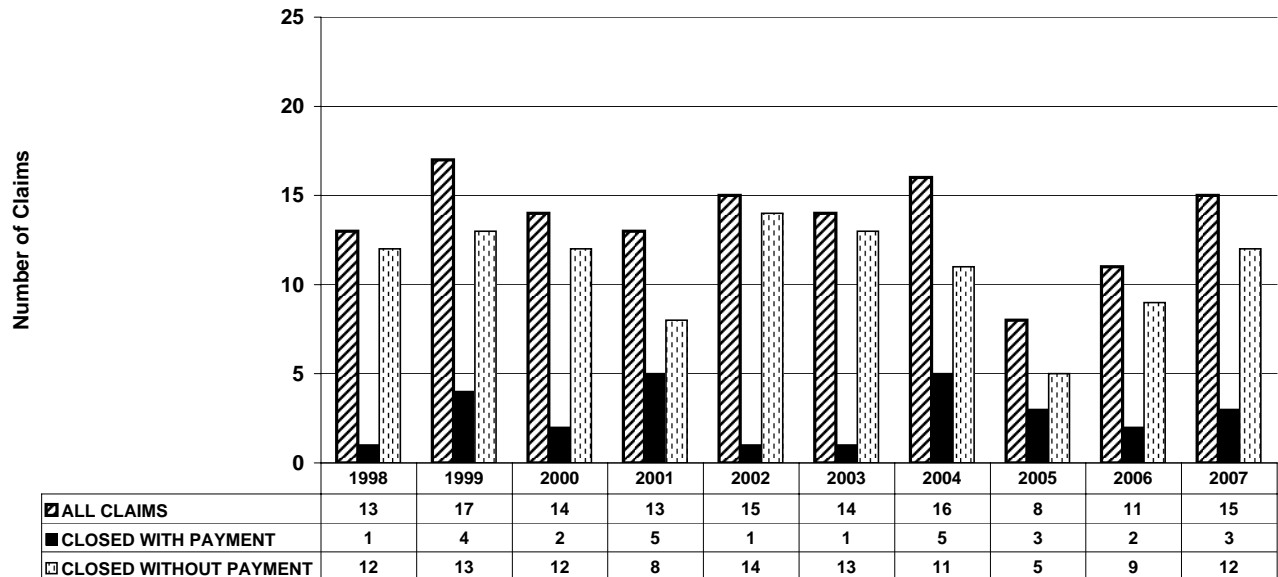


INADEQUATE INVESTIGATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

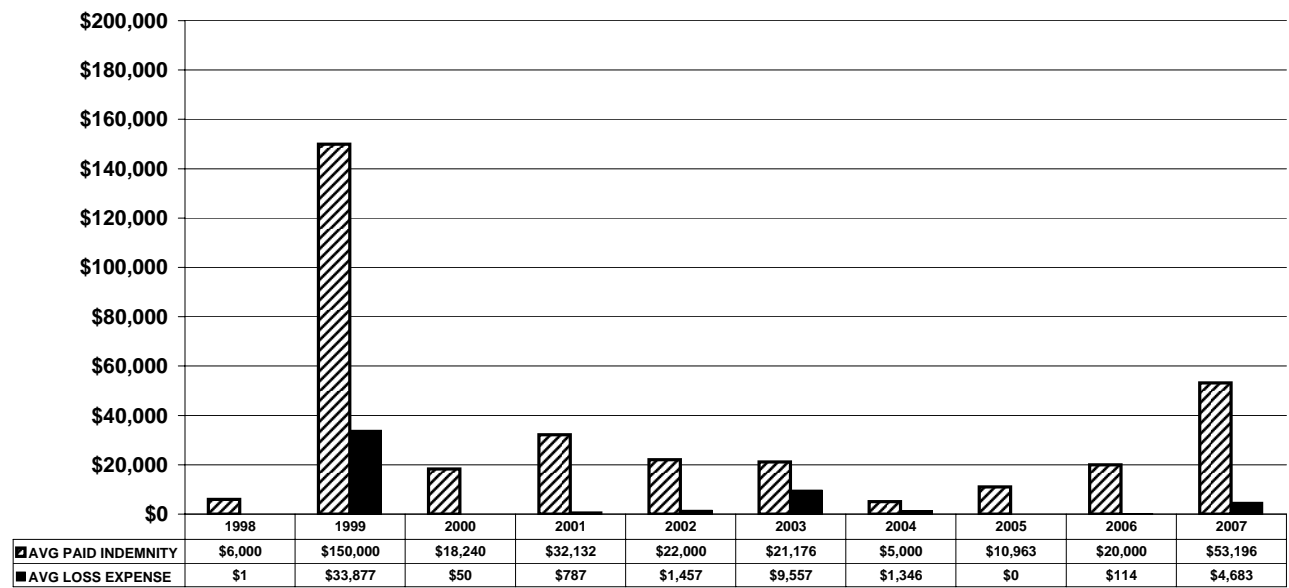


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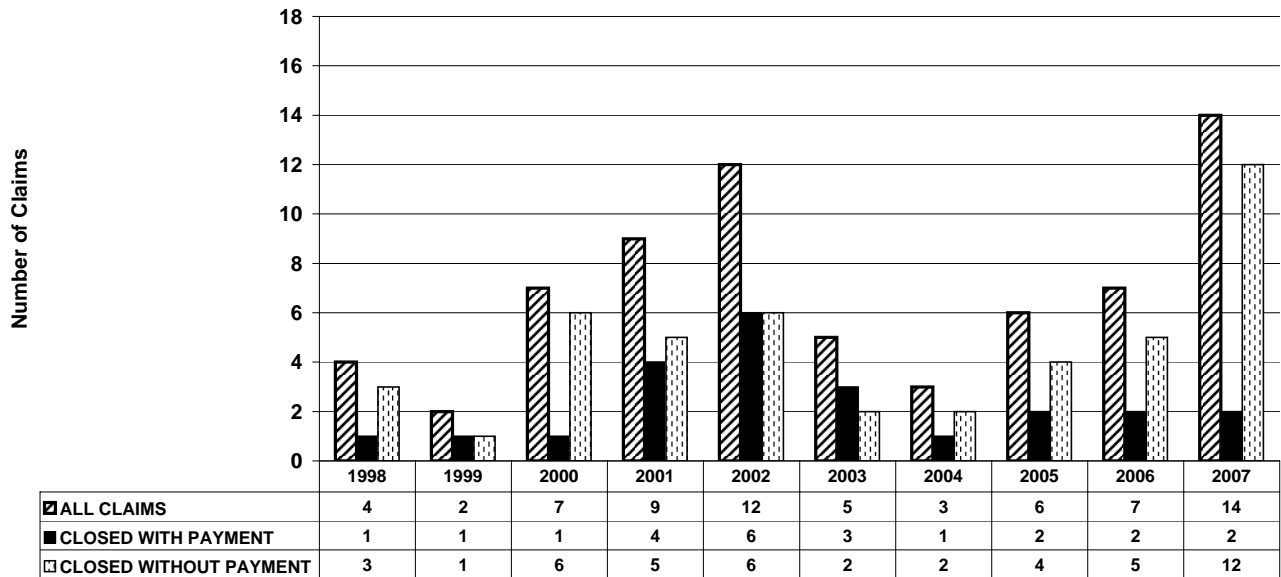


CLERICAL ERROR

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

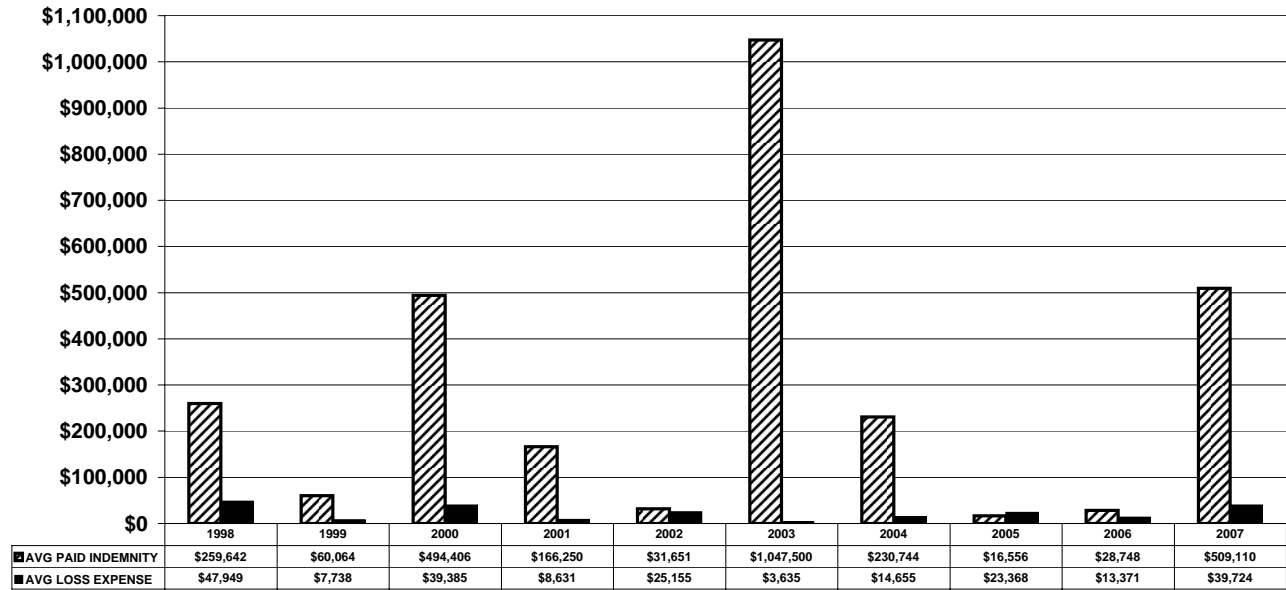


CLAIM COUNT

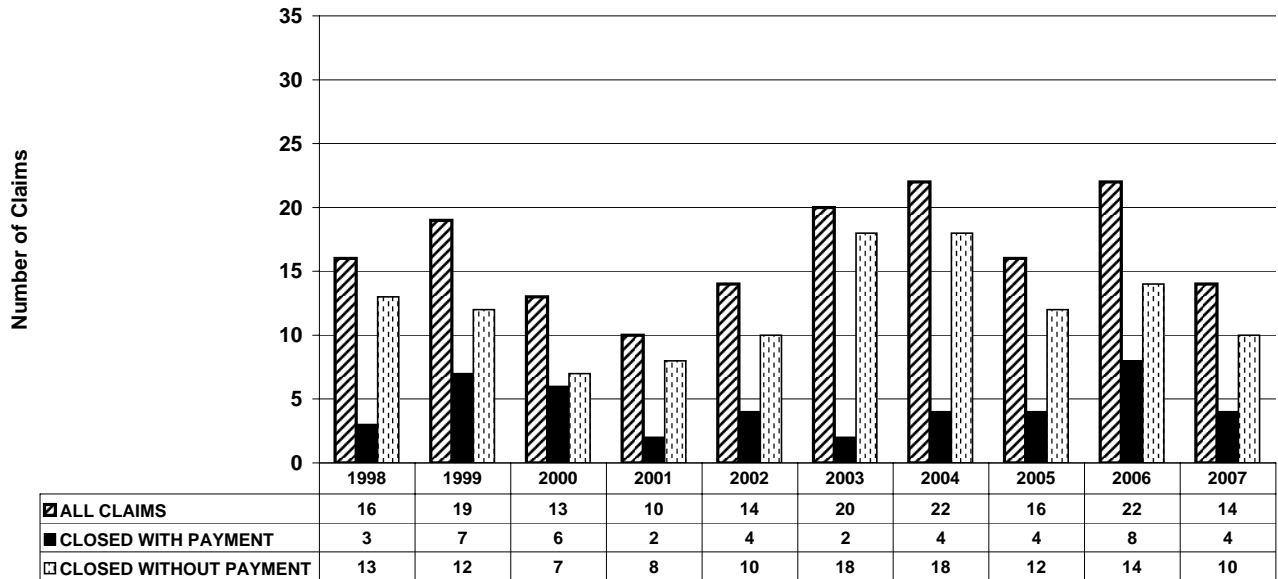


FAIL TO KNOW OR PROPERLY APPLY THE LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

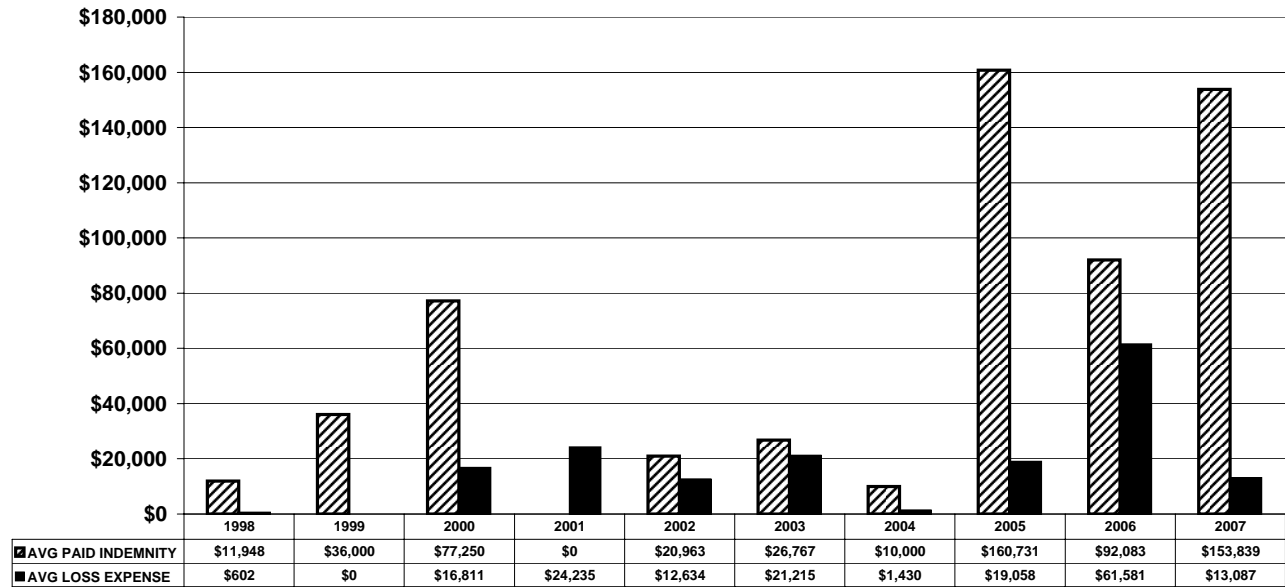


CLAIM COUNT

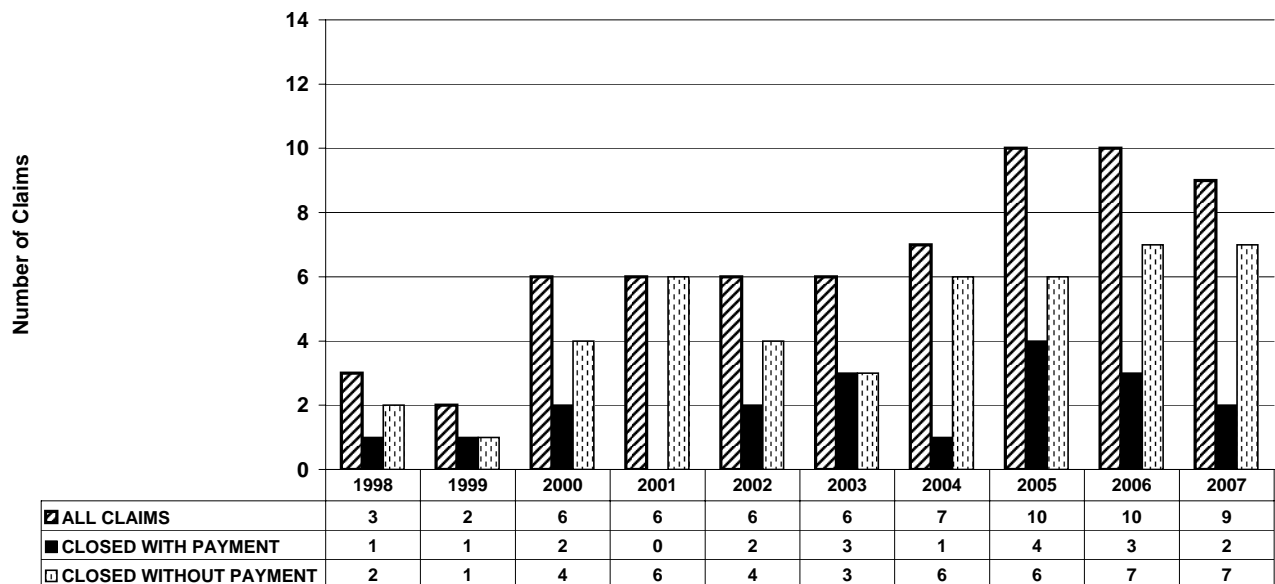


FAIL TO FILE DOCUMENTS WITH NO DEADLINE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
CLAIM DISPOSITIONS**

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1998 – 2007

CLAIM DISPOSITION		ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING		1,224	321	47.56%	\$55,827	\$17,920,468	26.84%	\$1,089
BEFORE TRIAL OR HEARING		975	317	46.96%	\$128,392	\$40,700,418	60.96%	\$29,324
CLAIM OR SUIT ABANDONED		119	0	0.00%	N/A	\$0	0.00%	\$1,388
AFTER APPEAL		83	10	1.48%	\$211,330	\$2,113,303	3.17%	\$45,863
AFTER JUDGMENT, BEFORE APPEAL		43	9	1.33%	\$223,263	\$2,009,370	3.01%	\$22,205
AFTER TRIAL OR HEARING, BEFORE JUDGMENT		30	7	1.04%	\$285,161	\$1,996,127	2.99%	\$38,836
DURING TRIAL OR HEARING		30	7	1.04%	\$165,023	\$1,155,161	1.73%	\$45,250
DURING APPEAL		20	4	0.59%	\$216,877	\$867,507	1.30%	\$83,648
DURING REVIEW PANEL		4	0	0.00%	N/A	\$0	0.00%	\$823
TOTAL		2,528	675	100.00%	\$98,907	\$66,762,354	100.00%	\$15,447

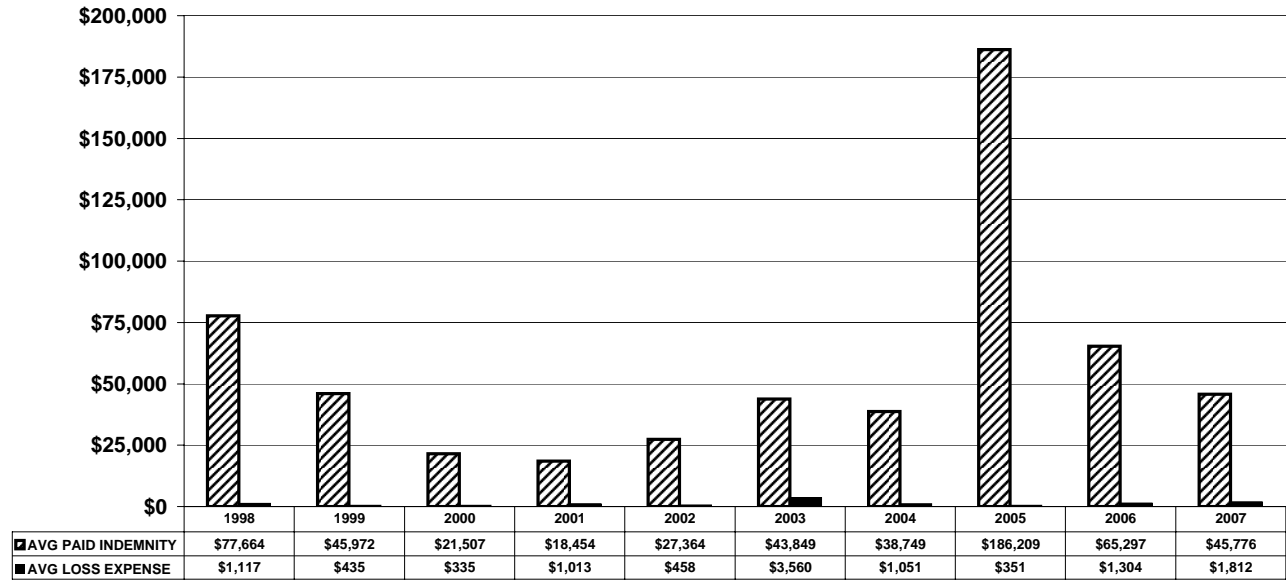
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2007

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	111	22	40.00%	\$45,776		\$1,007,065	19.24%	\$1,812
BEFORE TRIAL OR HEARING	84	31	56.36%	\$87,383		\$2,708,882	51.76%	\$28,650
AFTER APPEAL	9	1	1.82%	\$1,425,558		\$1,425,558	27.24%	\$39,072
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	9	1	1.82%	\$92,282		\$92,282	1.76%	\$30,546
DURING TRIAL OR HEARING	8	0	0.00%	N/A		\$0	0.00%	\$13,956
AFTER JUDGMENT, BEFORE APPEAL	5	0	0.00%	N/A		\$0	0.00%	\$17,921
CLAIM OR SUIT ABANDONED	5	0	0.00%	N/A		\$0	0.00%	\$0
DURING APPEAL	1	0	0.00%	N/A		\$0	0.00%	\$0
TOTAL	232	55	100.00%	\$95,160		\$5,233,787	100.00%	\$14,809

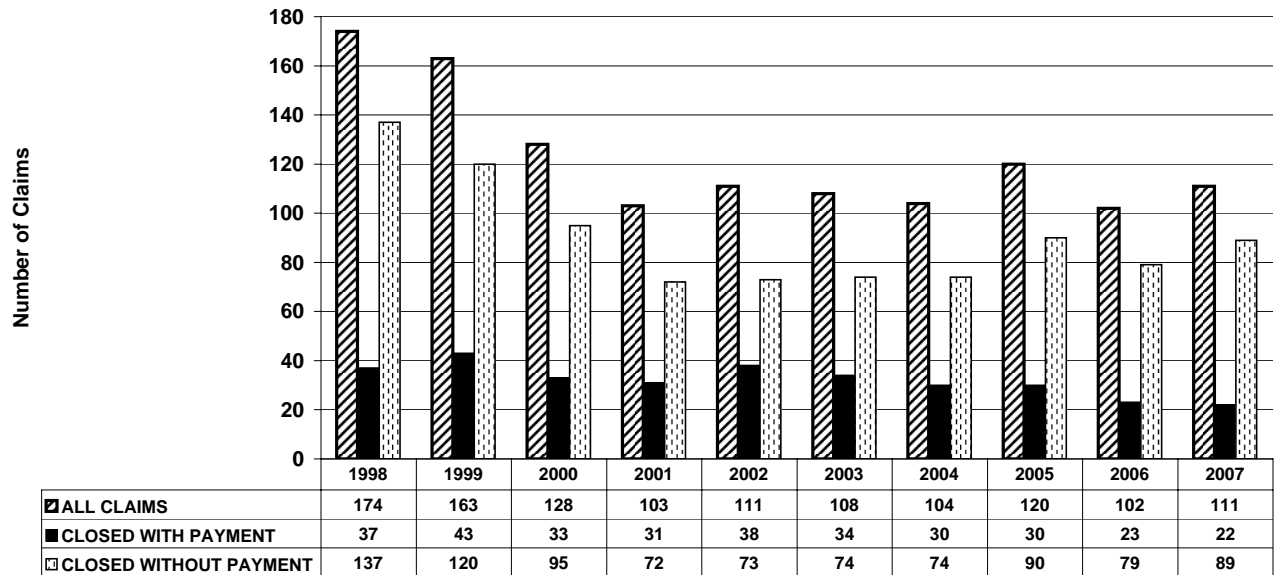
**TRENDS
OF THE TOP EIGHT
CLAIM DISPOSITIONS
OF 2007**

BEFORE FILING SUIT OR DEMANDING HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

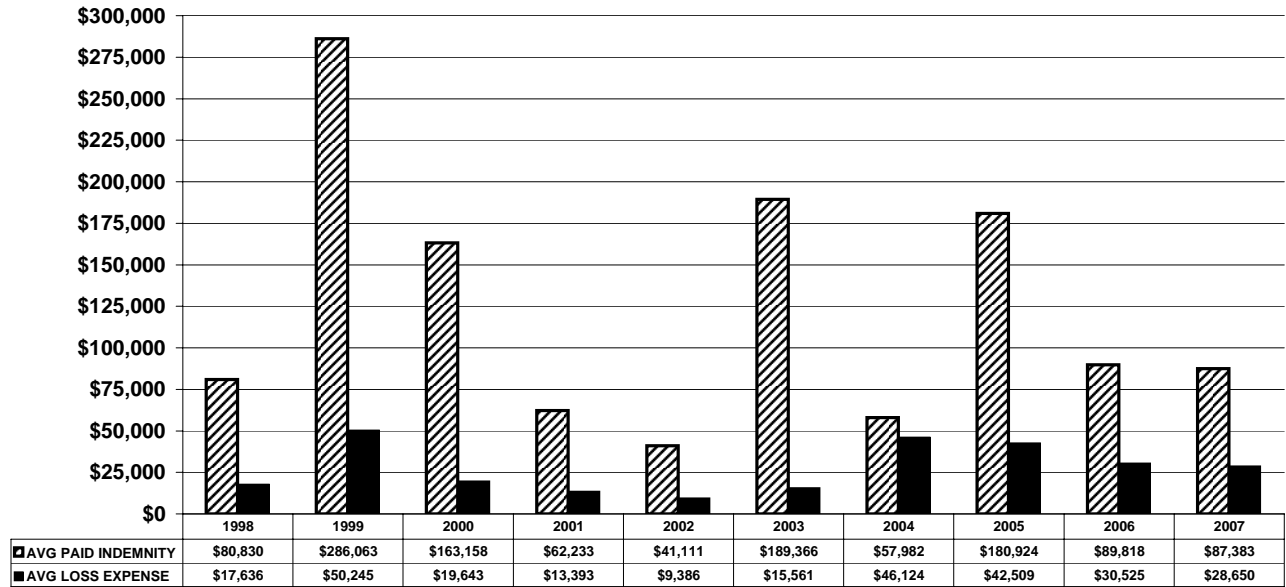


CLAIM COUNT

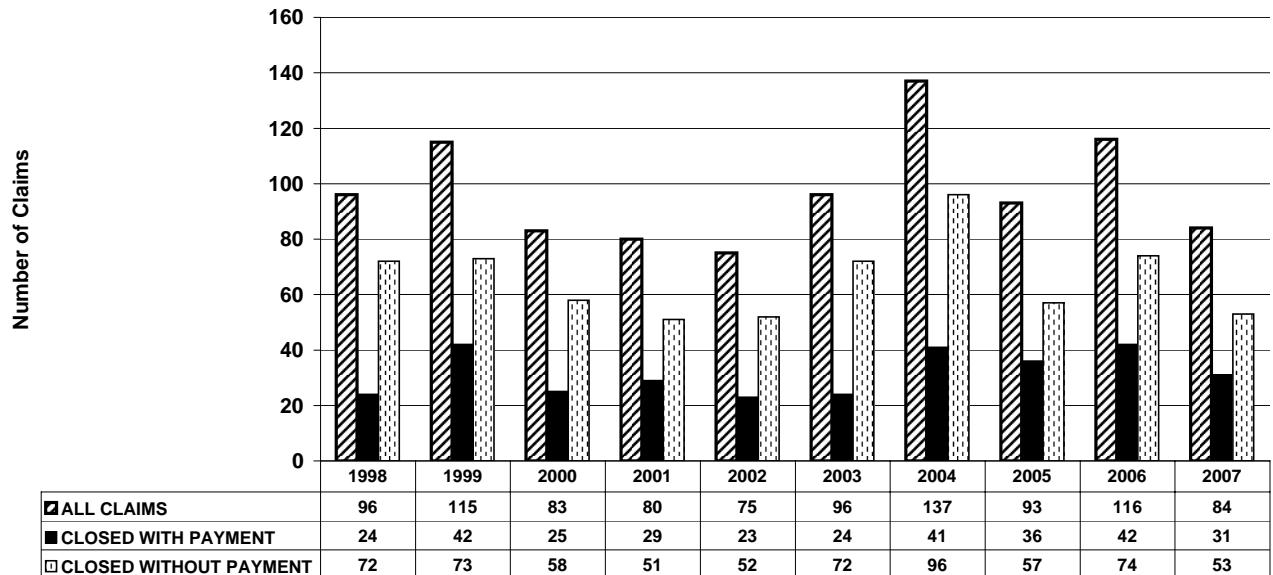


BEFORE TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

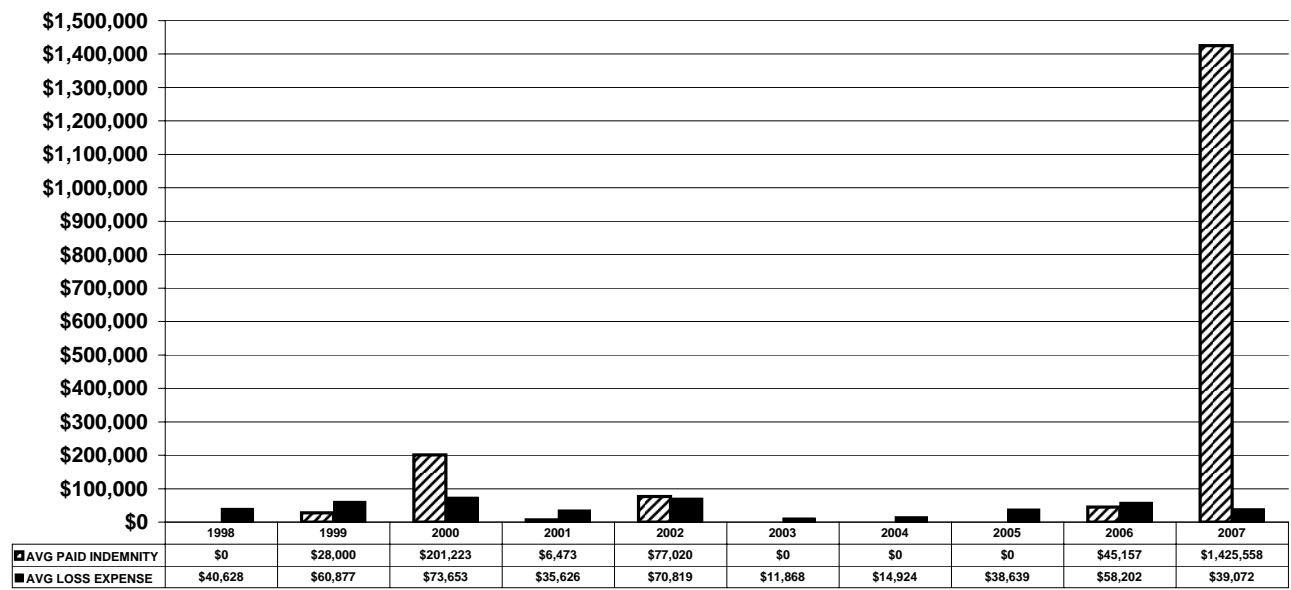


CLAIM COUNT

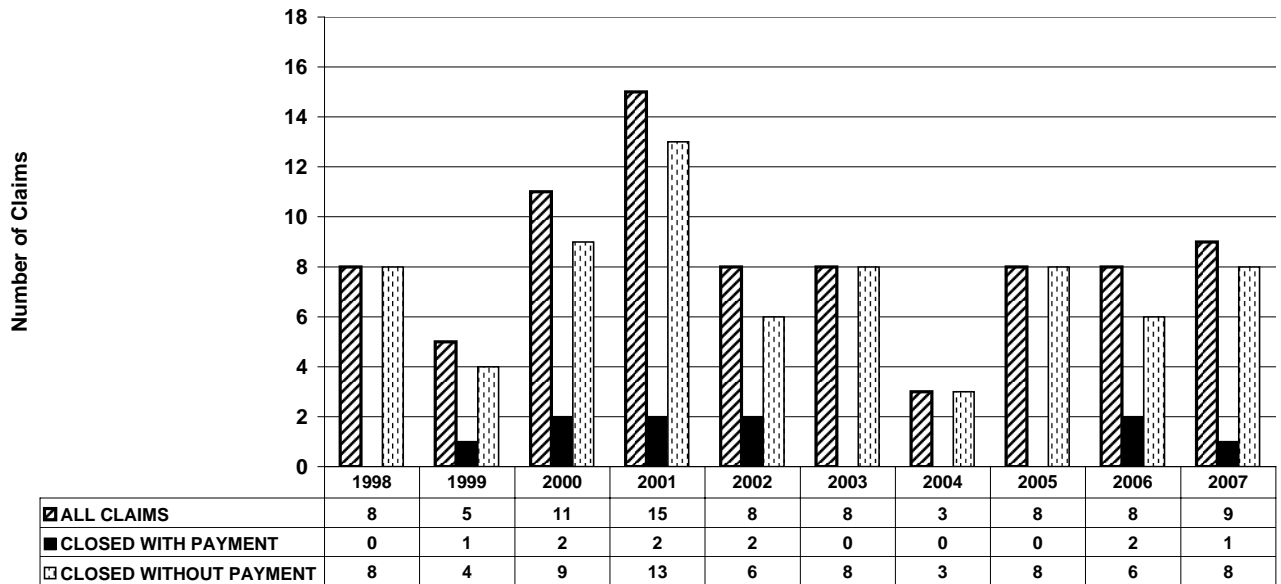


AFTER APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

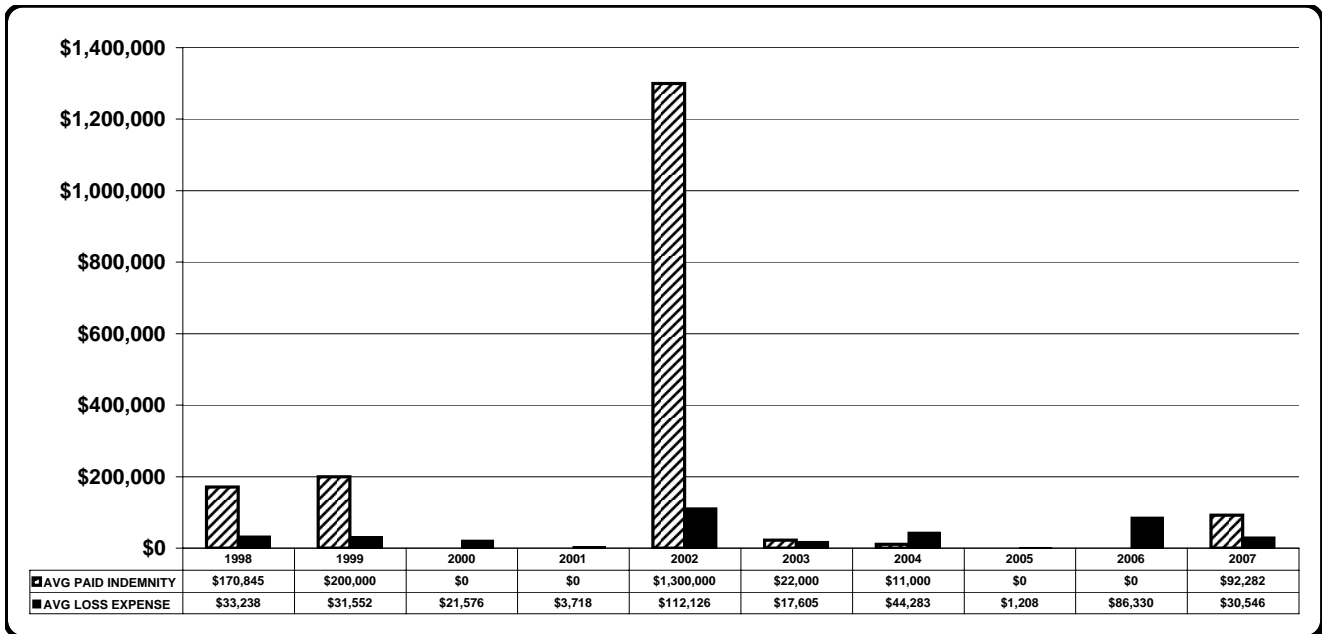


CLAIM COUNT

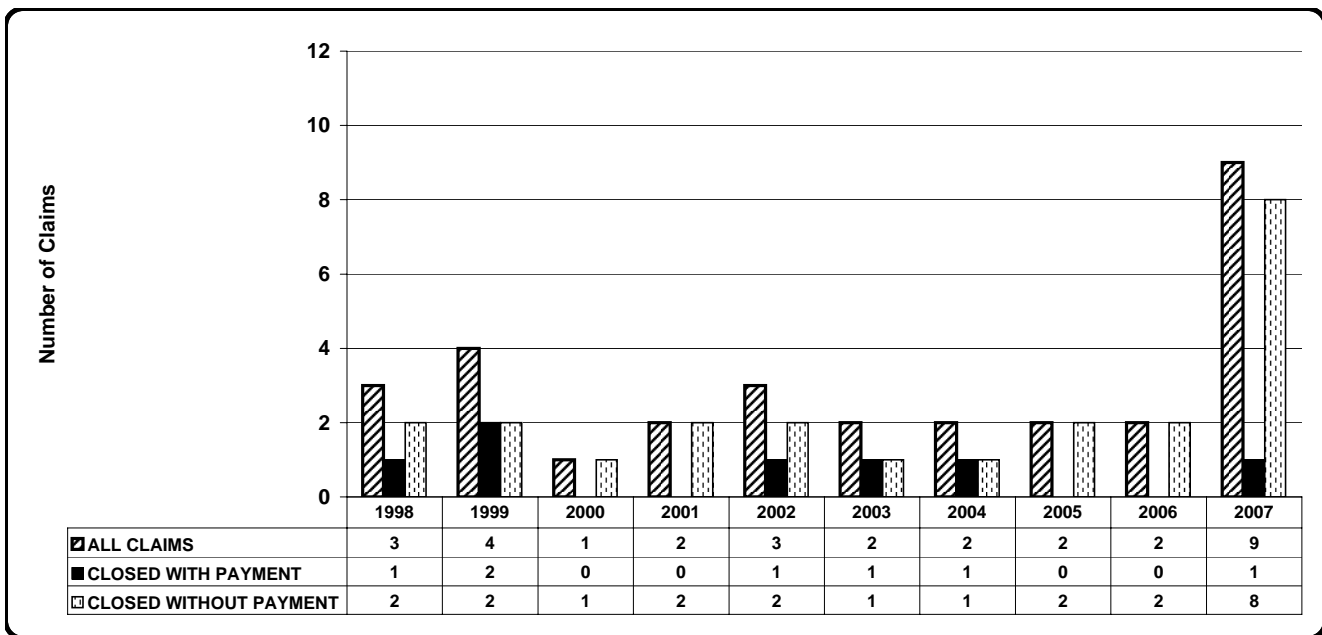


AFTER TRIAL OR HEARING, BEFORE JUDGMENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

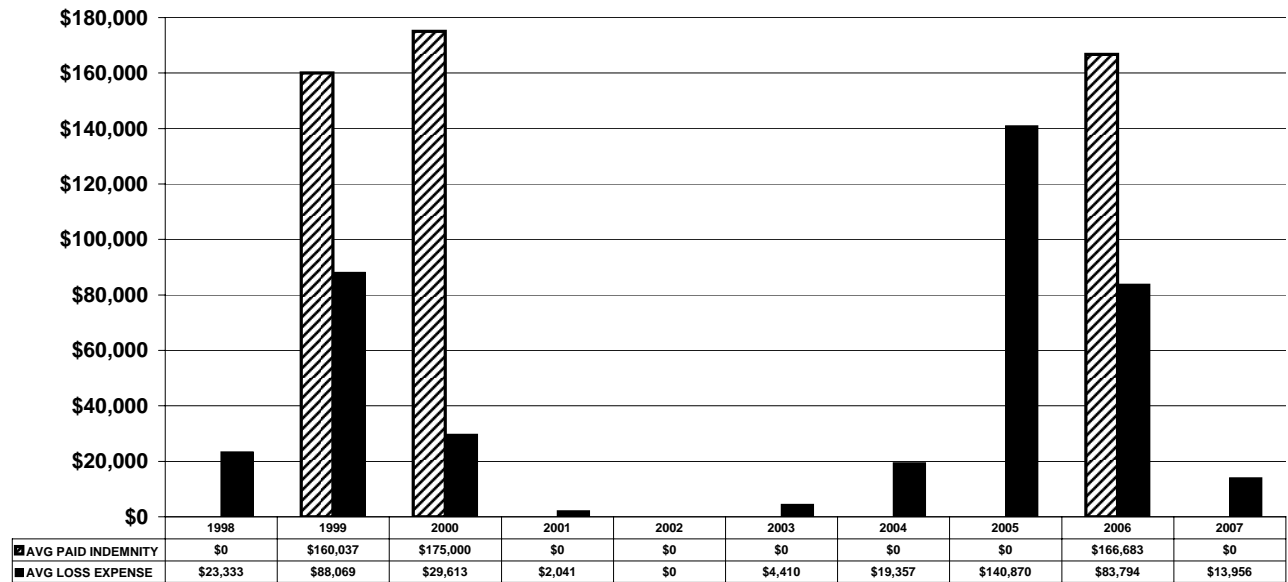


CLAIM COUNT

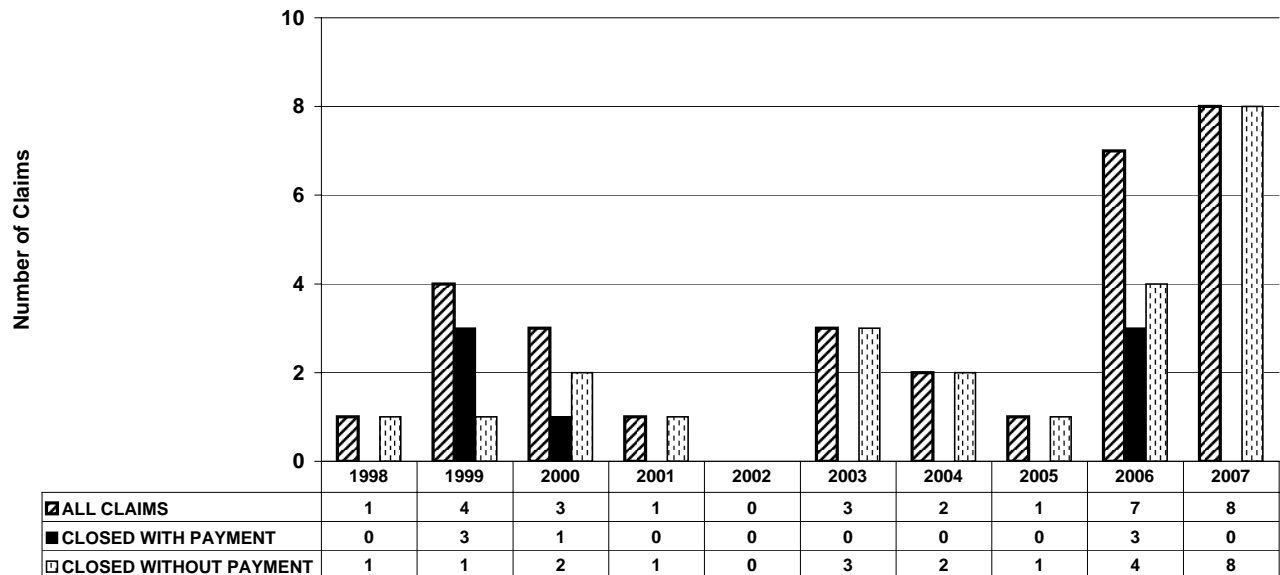


DURING TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

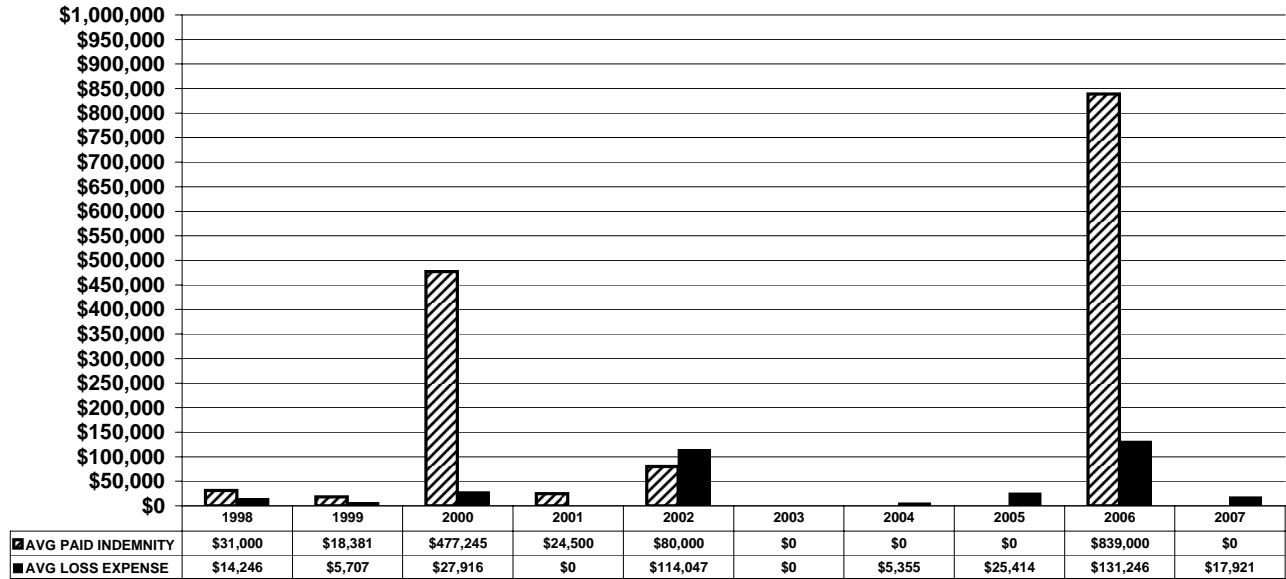


CLAIM COUNT

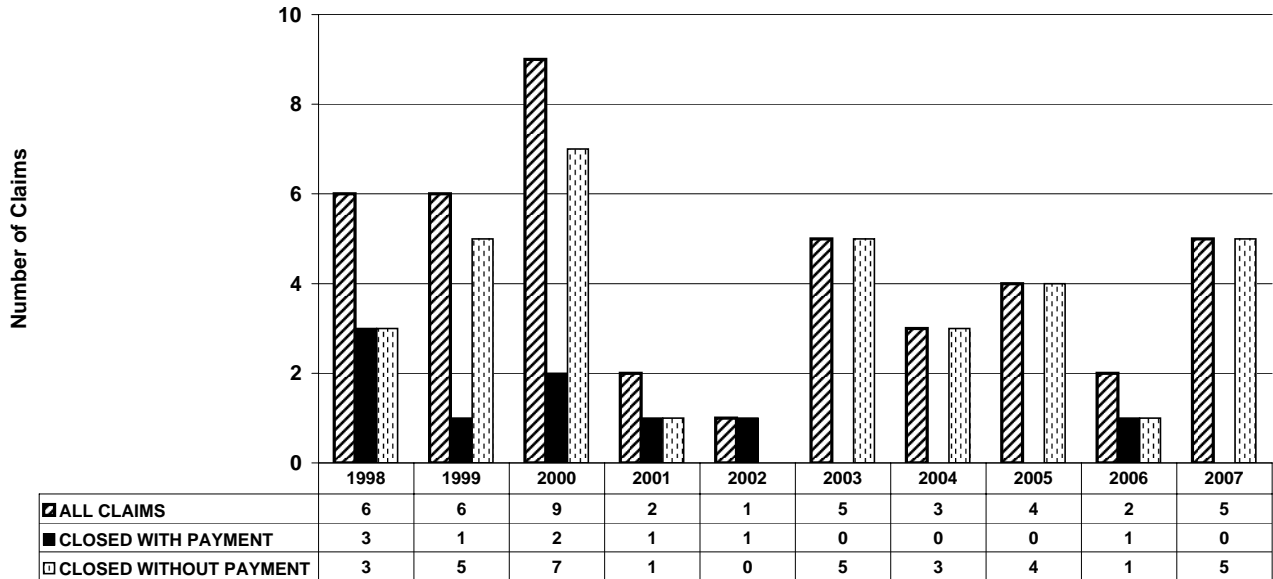


AFTER JUDGMENT, BEFORE APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

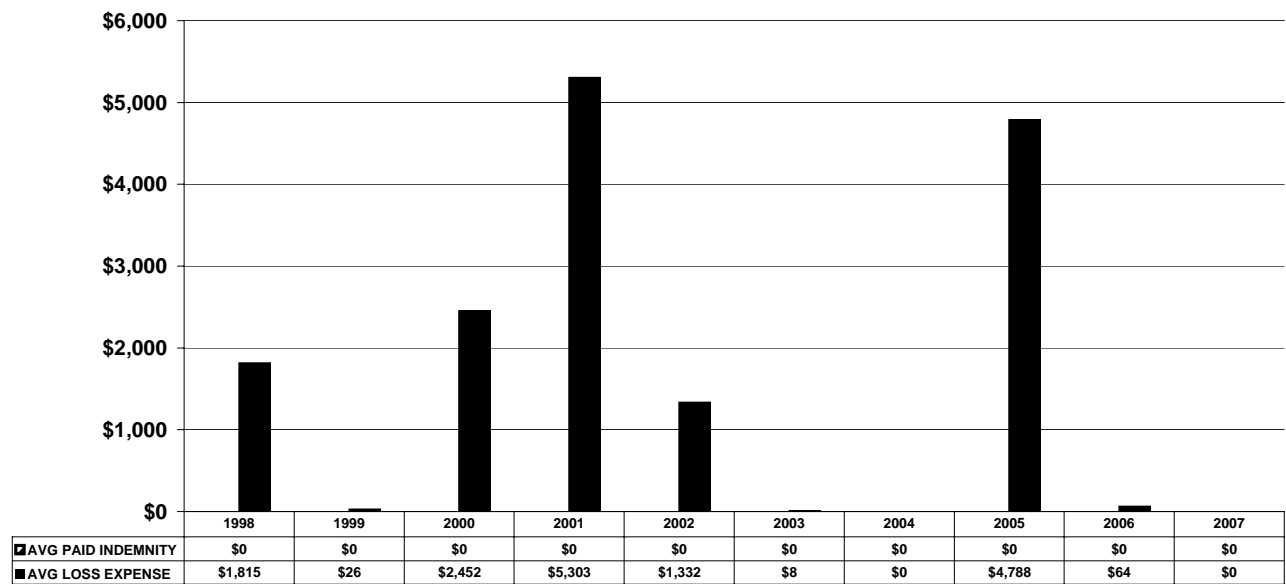


CLAIM COUNT

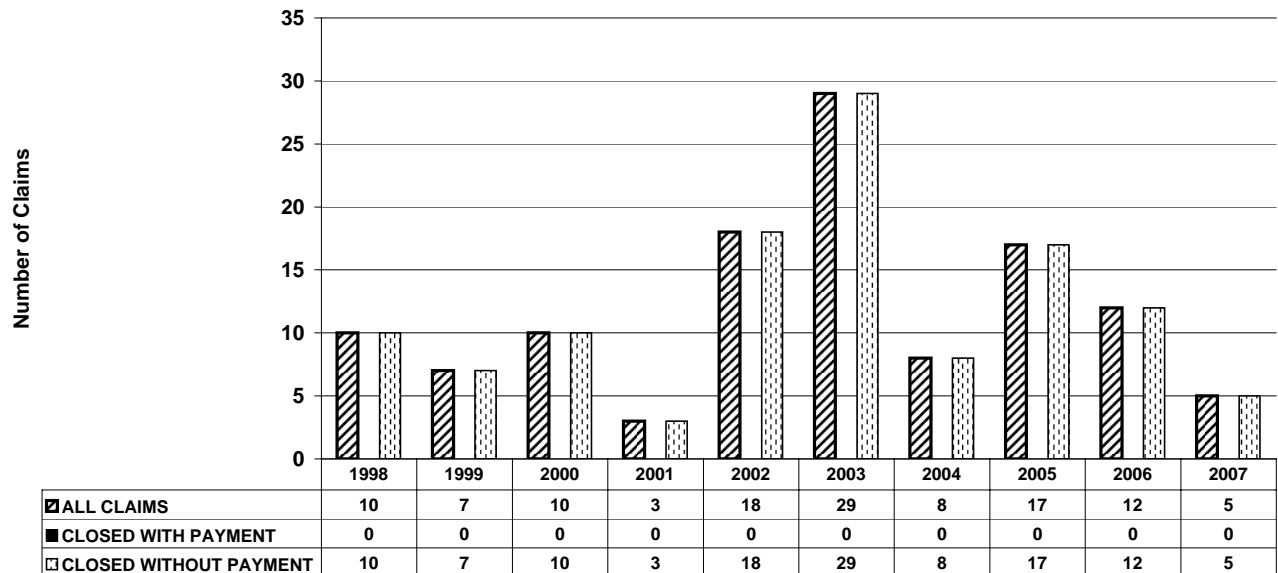


CLAIM OR SUIT ABANDONED

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

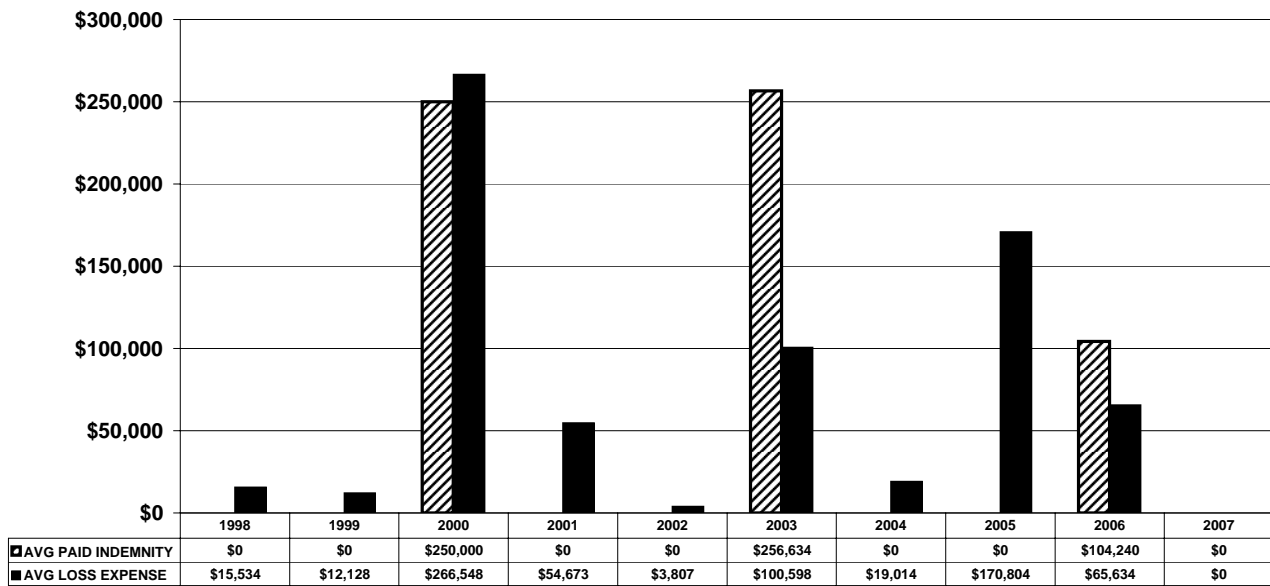


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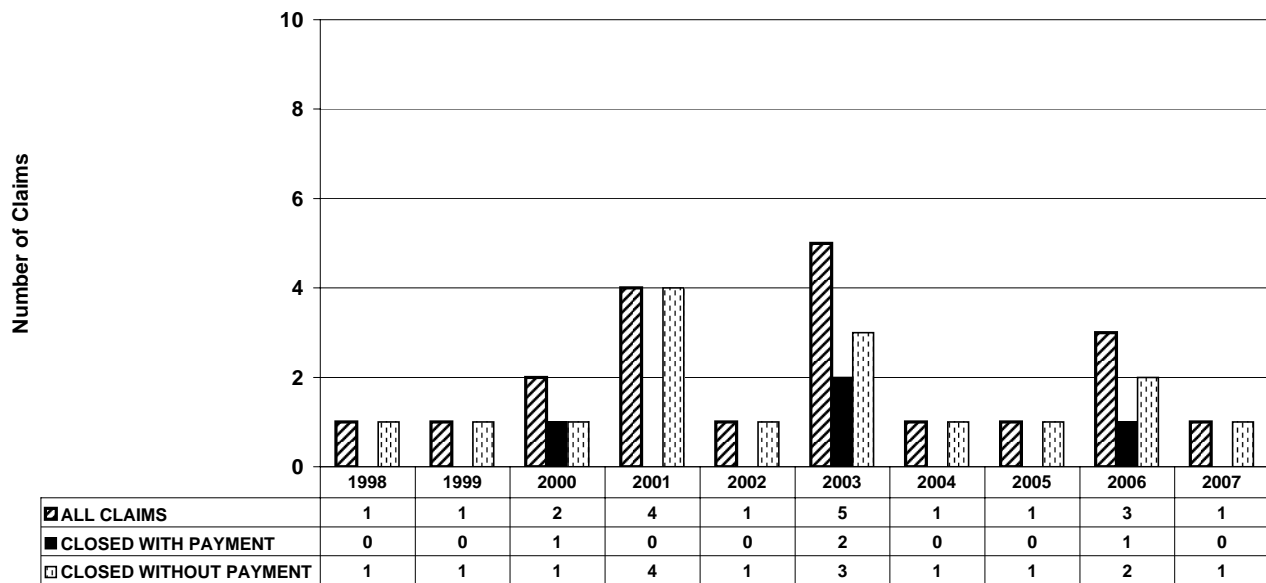


DURING APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
YEARS ADMITTED TO PRACTICE**

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1998 – 2007

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
				PAID PER PAID CLAIM				
OVER 10 YEARS	2,376	640	94.81%	\$93,439	\$59,800,811		89.57%	\$15,100
4 TO 10 YEARS	122	29	4.30%	\$233,122	\$6,760,533		10.13%	\$24,333
UNDER 4 YEARS	30	6	0.89%	\$33,502	\$201,010		0.30%	\$6,805
TOTAL	2,528	675	100.00%	\$98,907	\$66,762,354		100.00%	\$15,447

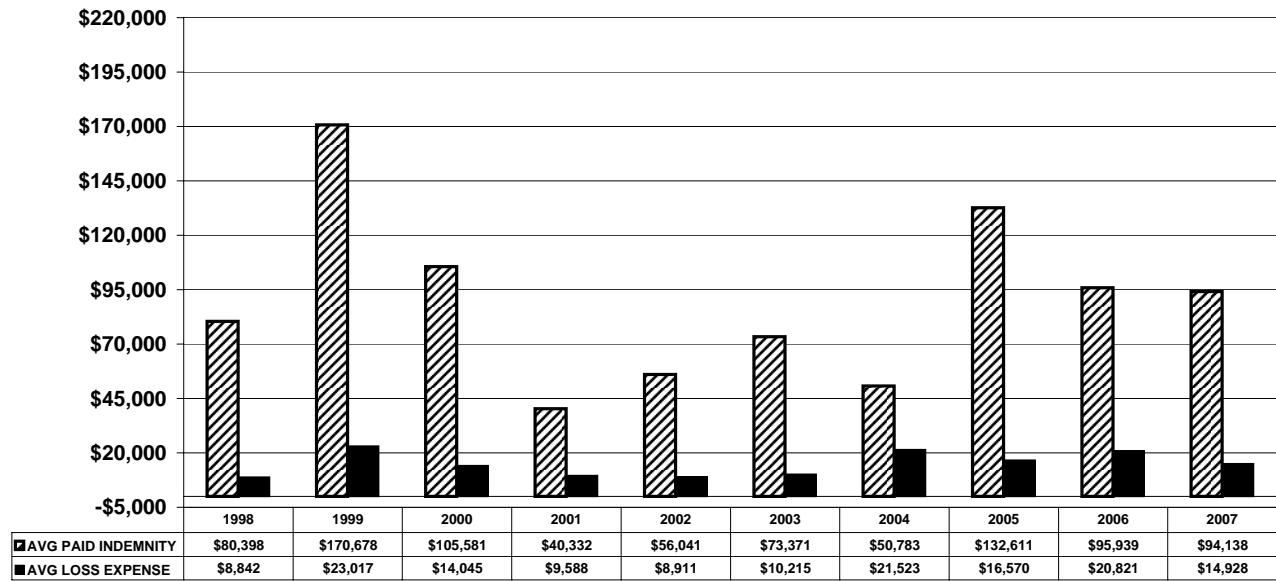
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2007

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	224	53	96.36%	\$94,138	\$4,989,317	95.33%	\$14,928
4 TO 10 YEARS	6	2	3.64%	\$122,235	\$244,470	4.67%	\$15,292
UNDER 4 YEARS	2	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	232	55	100.00%	\$95,160	\$5,233,787	100.00%	\$14,809

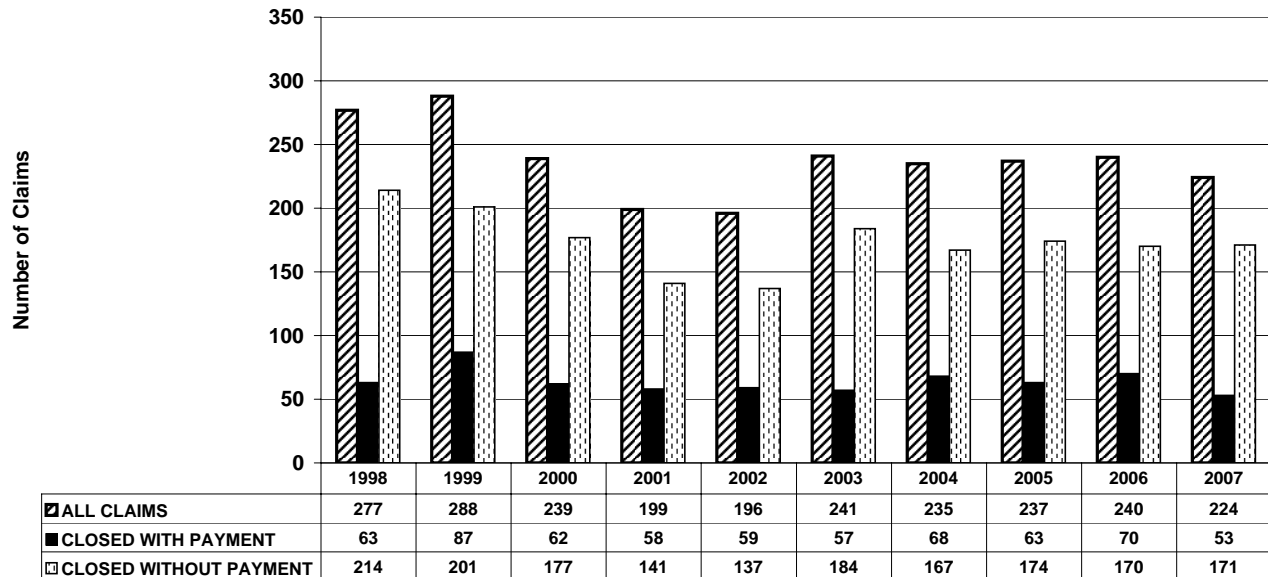
**TRENDS
OF
YEARS ADMITTED TO PRACTICE
FOR 2007**

OVER 10 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

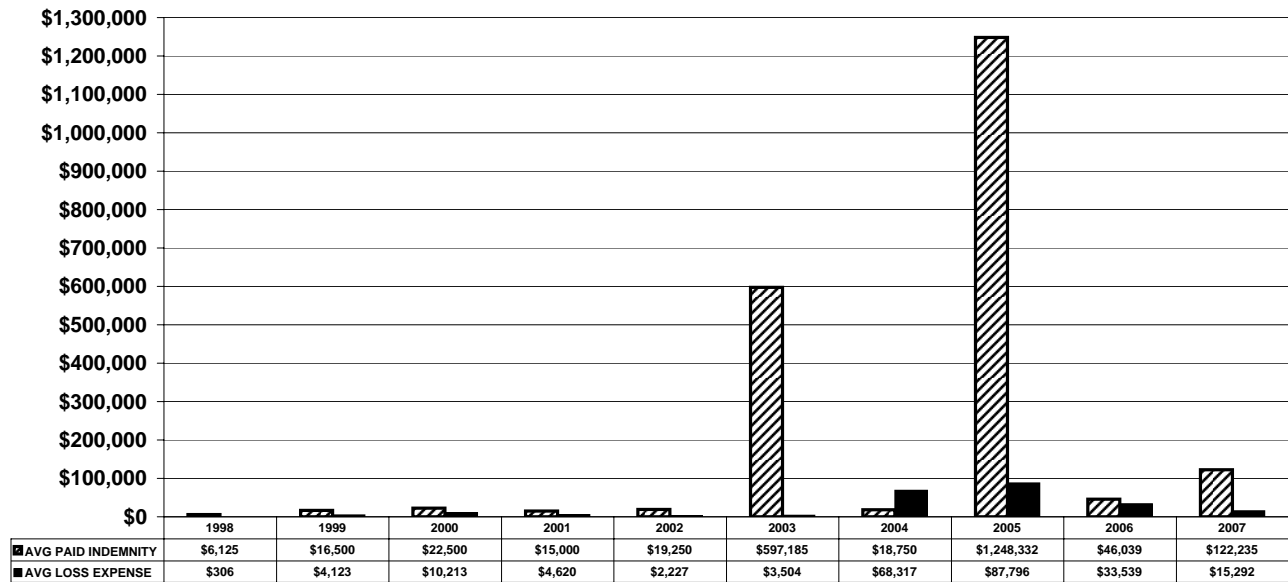


CLAIM COUNT

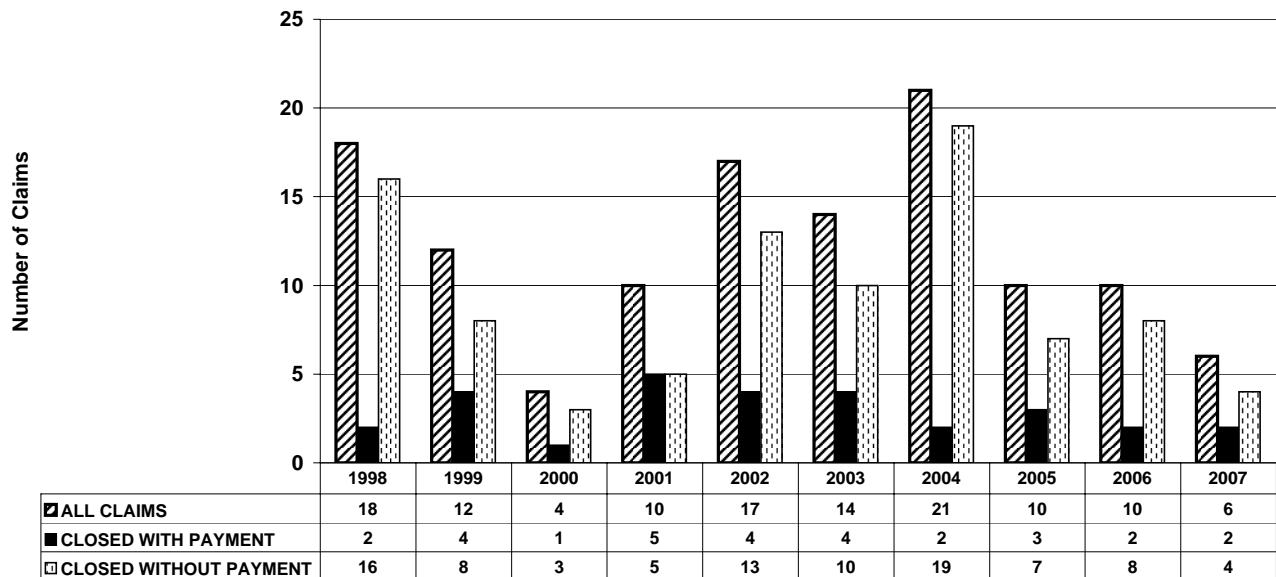


4 TO 10 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

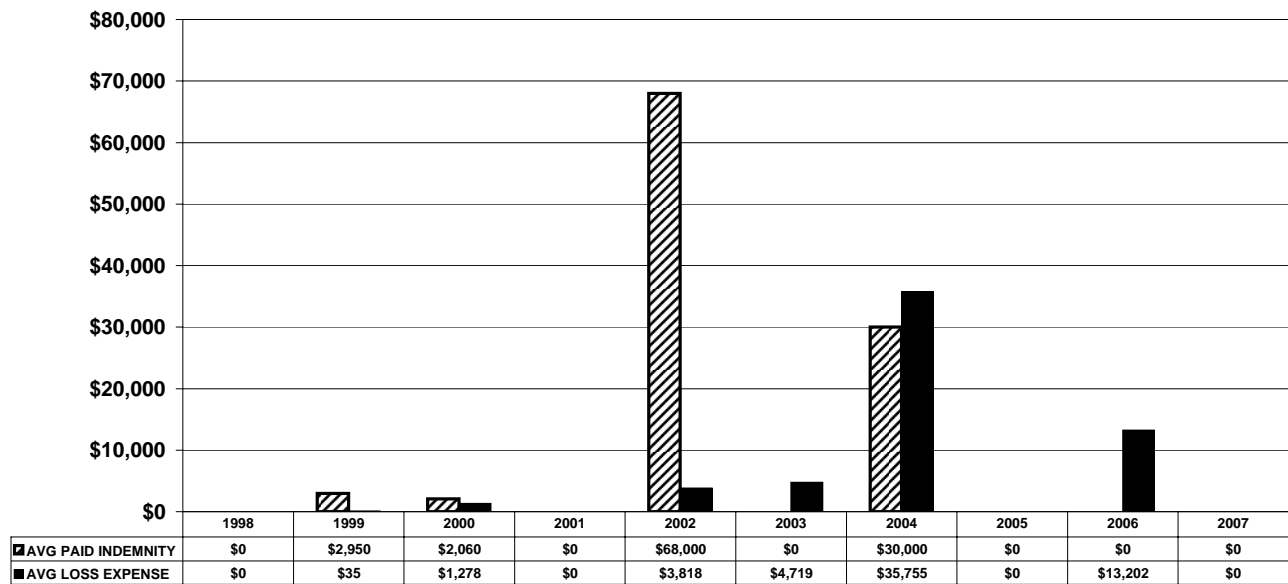


CLAIM COUNT

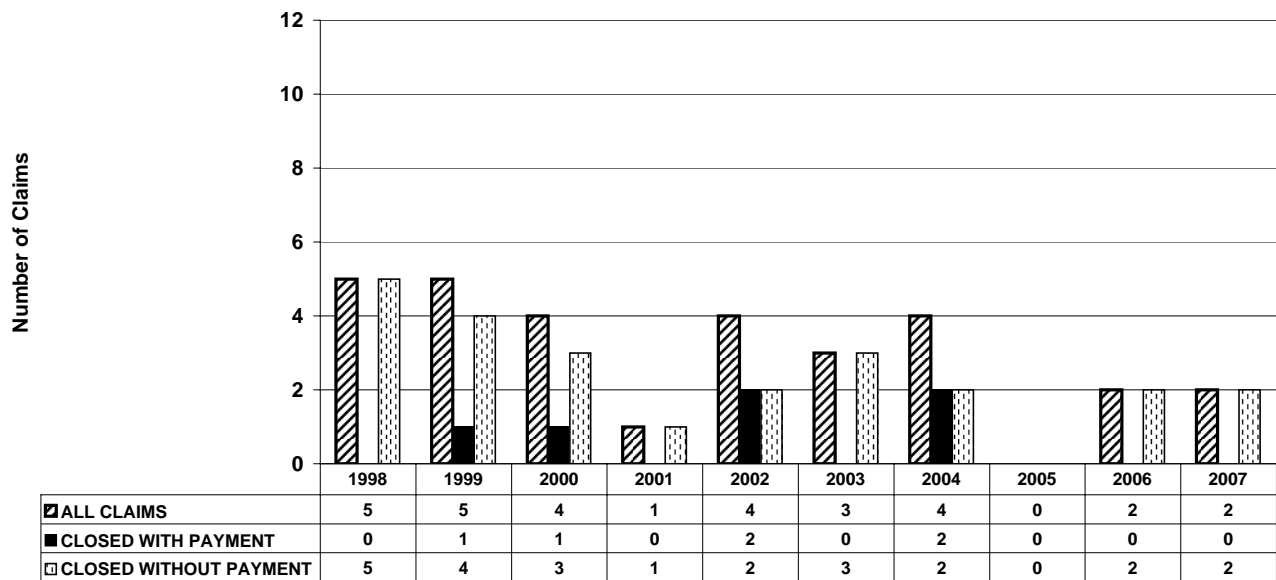


UNDER 4 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2007 SUMMARY
BY
INSURED/CLAIMANT RELATIONSHIP**

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1998 – 2007

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR PREPAID LEGAL PLAN	2,147	626	92.74%	\$91,858	\$57,503,320	86.13%	\$16,276	
NON-CLIENT	370	45	6.67%	\$102,923	\$4,631,534	6.94%	\$10,305	
FREE LEGAL SERVICE	7	2	0.30%	\$26,250	\$52,500	0.08%	\$2,780	
MEMBER PRE-PAID LEGAL PLAN	4	2	0.30%	\$2,287,500	\$4,575,000	6.85%	\$68,435	
TOTAL	2,528	675	100.00%	\$98,907	\$66,762,354	100.00%	\$15,447	

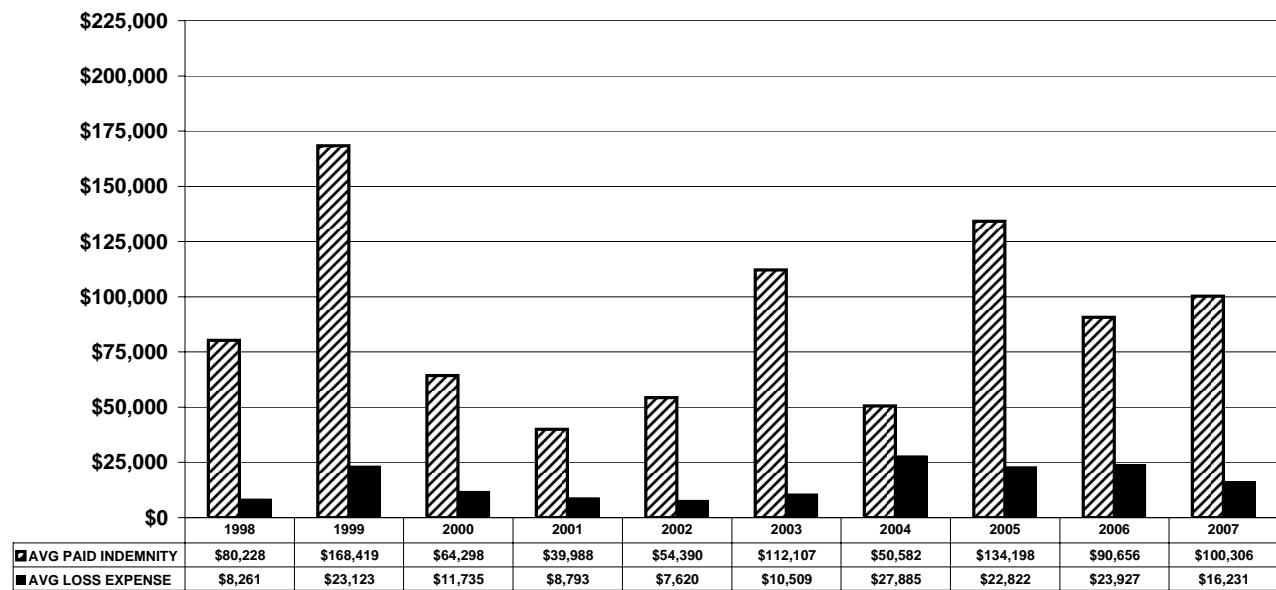
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2007

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER CLAIM		TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR PREPAID LEGAL PLAN	180	50	90.91%	\$100,306		\$5,015,297	95.83%	\$16,231
NON-CLIENT	50	4	7.27%	\$35,873		\$143,490	2.74%	\$8,726
MEMBER PRE-PAID LEGAL PLAN	2	1	1.82%	\$75,000		\$75,000	1.43%	\$38,908
TOTAL	232	55	100.00%	\$95,160		\$5,233,787	100.00%	\$14,809

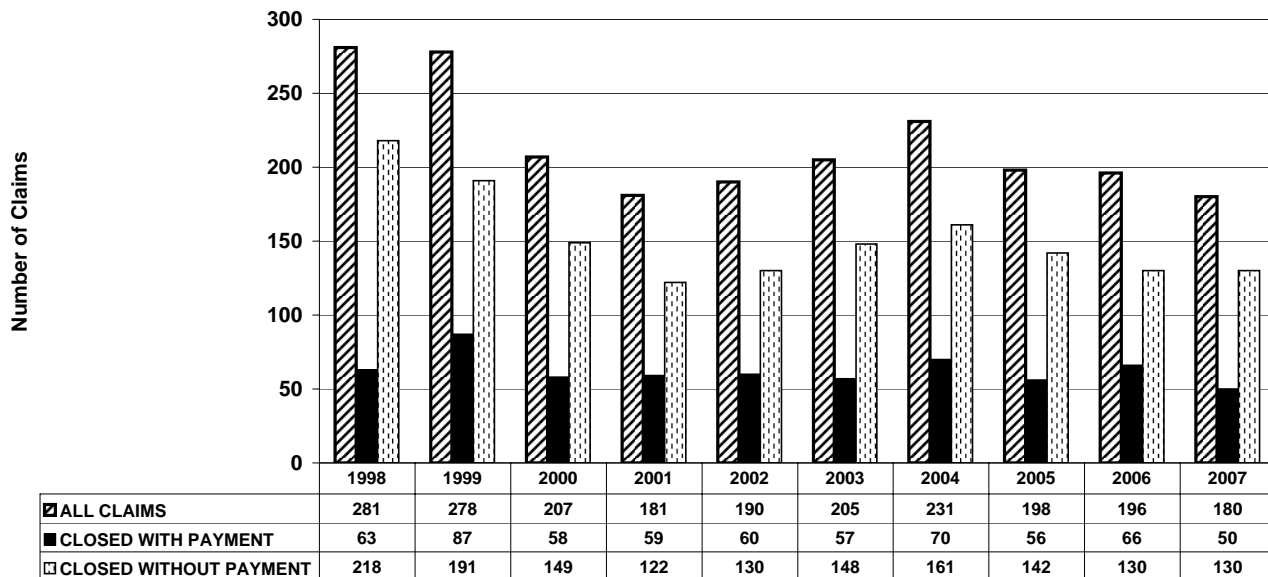
**TRENDS
OF
INSURED/CLAIMANT
RELATIONSHIP
FOR 2007**

CLIENT OTHER THAN FREE LEGAL SERVICE OR MEMBER OF PRE-PAID LEGAL PLAN

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

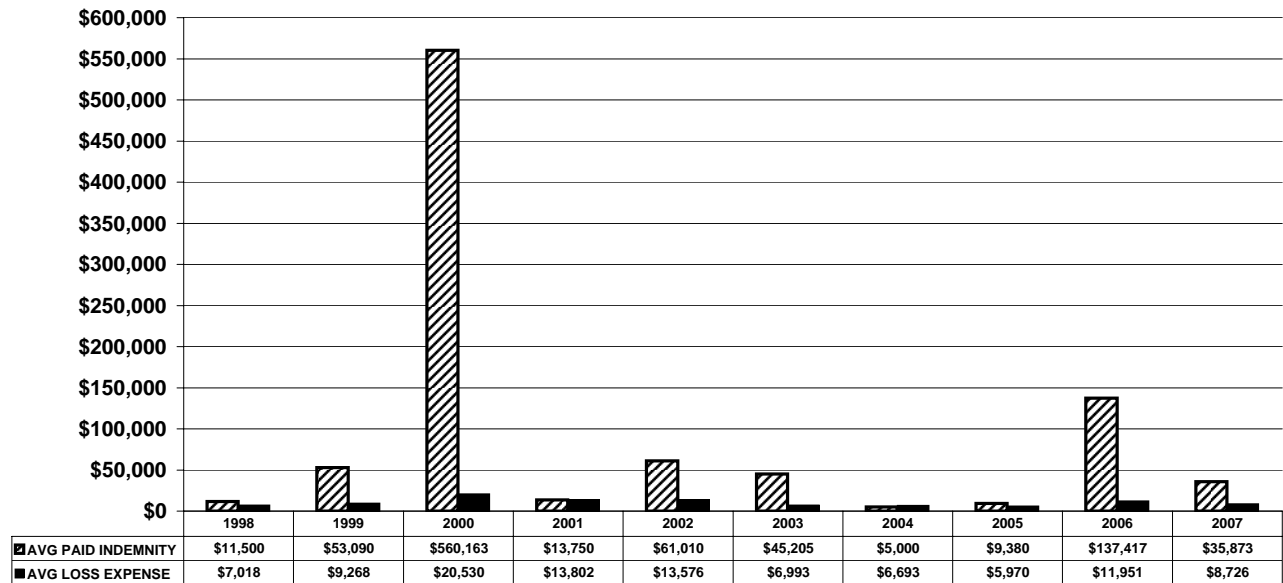


CLAIM COUNT

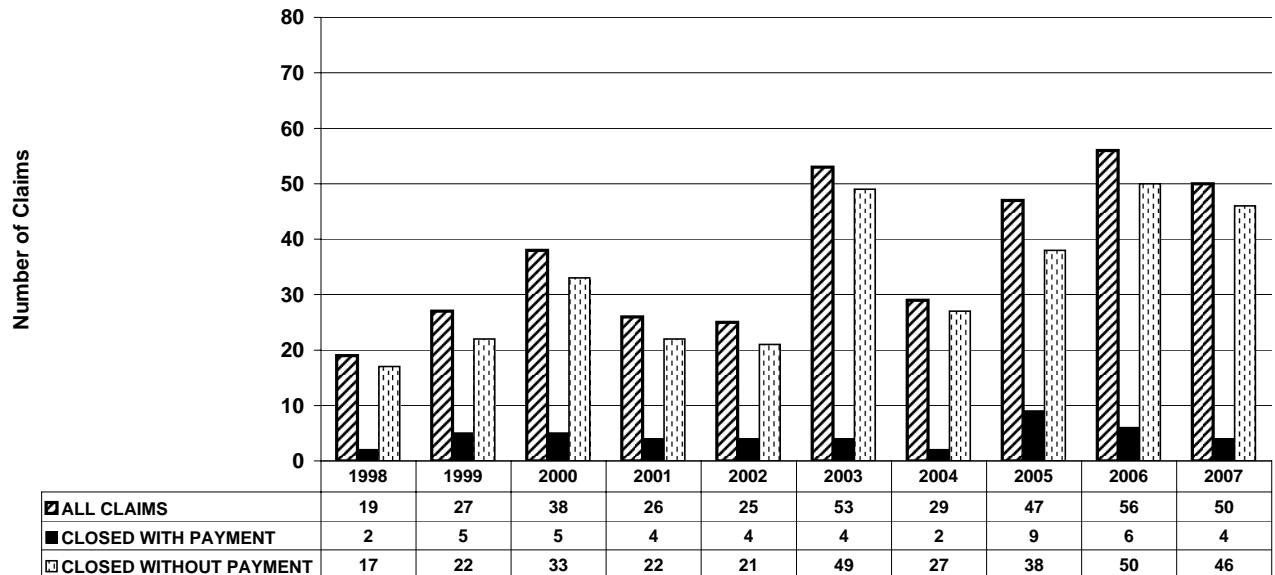


NON-CLIENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

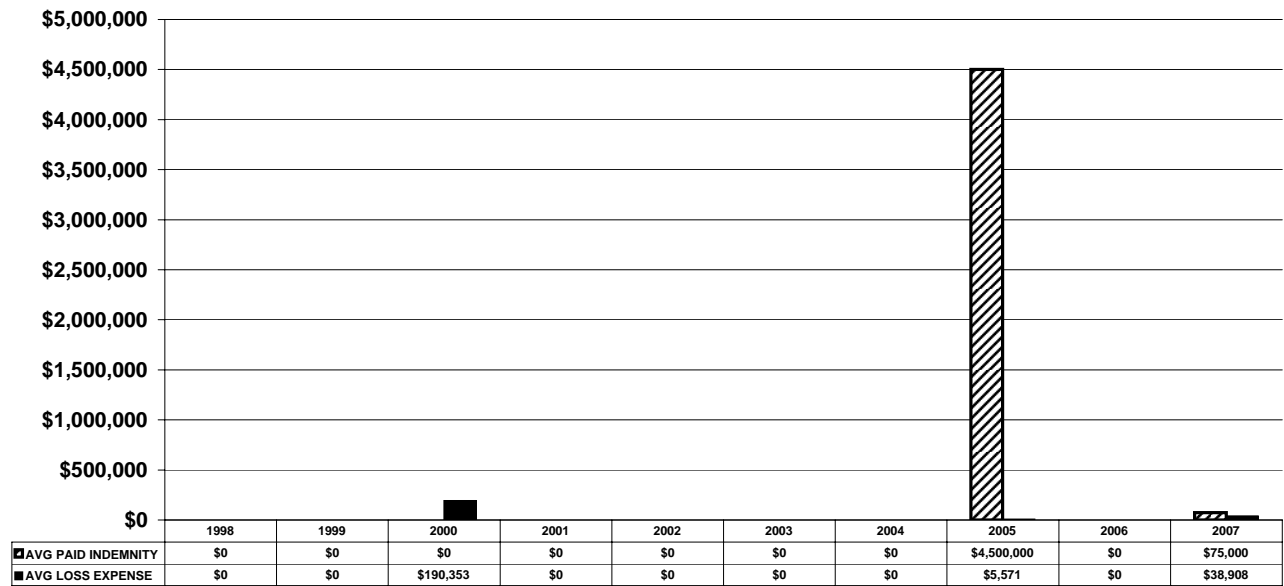


CLAIM COUNT

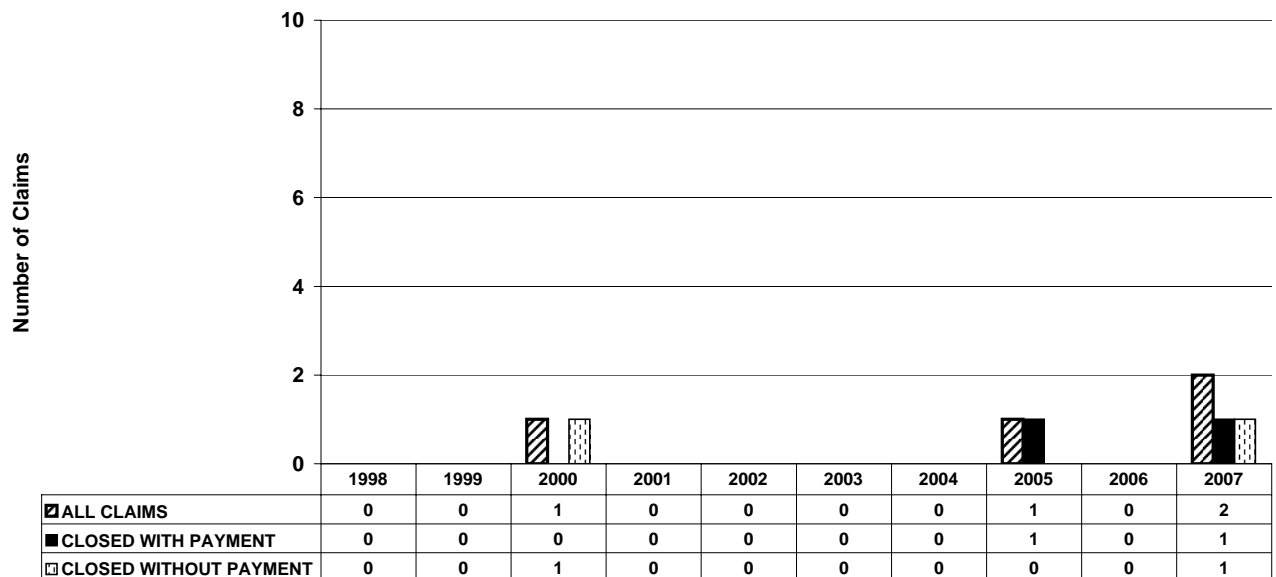


MEMBER PRE-PAID LEGAL PLAN

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



PREMIUM AND LOSS DATA

**PAGE 20 SUPPLEMENT
LEGAL MALPRACTICE EXPERIENCE
WITH MARKET SHARE**

2007 EXPERIENCE

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
29513	BAR PLAN MUTUAL INSURANCE COMPANY THE	87.64%	\$15,255,368	\$15,093,834	\$2,261,745	14.98%
25585	PROFESSIONALS DIRECT INSURANCE COMPANY	5.12%	\$890,474	\$929,827	\$533,990	57.43%
24767	ST PAUL FIRE & MARINE INSURANCE COMPANY	2.85%	\$496,134	\$438,732	\$174,315	39.73%
16691	GREAT AMERICAN INSURANCE COMPANY	2.74%	\$476,142	\$500,292	\$421,238	84.20%
22322	GREENWICH INSURANCE COMPANY	0.64%	\$111,647	\$109,552	\$93,878	85.69%
20443	CONTINENTAL CASUALTY COMPANY	0.49%	\$84,554	-\$364,192	\$746,238	-204.90%
42234	MINNESOTA LAWYERS MUTUAL INS COMPANY	0.44%	\$76,655	\$78,106	-\$7,728	-9.89%
24775	ST PAUL GUARDIAN INSURANCE COMPANY	0.09%	\$15,251	\$7,976	-\$36,504	-457.67%
10037	INTERLEX INSURANCE COMPANY	0.00%	\$0	\$0	\$495,300	N/A
15865	NCMIC INSURANCE COMPANY	0.00%	\$0	\$0	-\$9,449	N/A
22136	GREAT AMERICAN INSURANCE CO OF NEW YORK	0.00%	\$0	\$0	-\$30,619	N/A
26344	GREAT AMERICAN ASSURANCE COMPANY	0.00%	\$0	\$0	\$177	N/A
33723	GREAT AMERICAN SPIRIT INSURANCE COMPANY	0.00%	\$0	\$0	\$59	N/A
21849	AMERICAN AUTOMOBILE INSURANCE COMPANY	0.00%	\$0	\$0	\$0	N/A
TOTAL		100.00%	\$17,406,225	\$16,794,127	\$4,642,640	27.64%

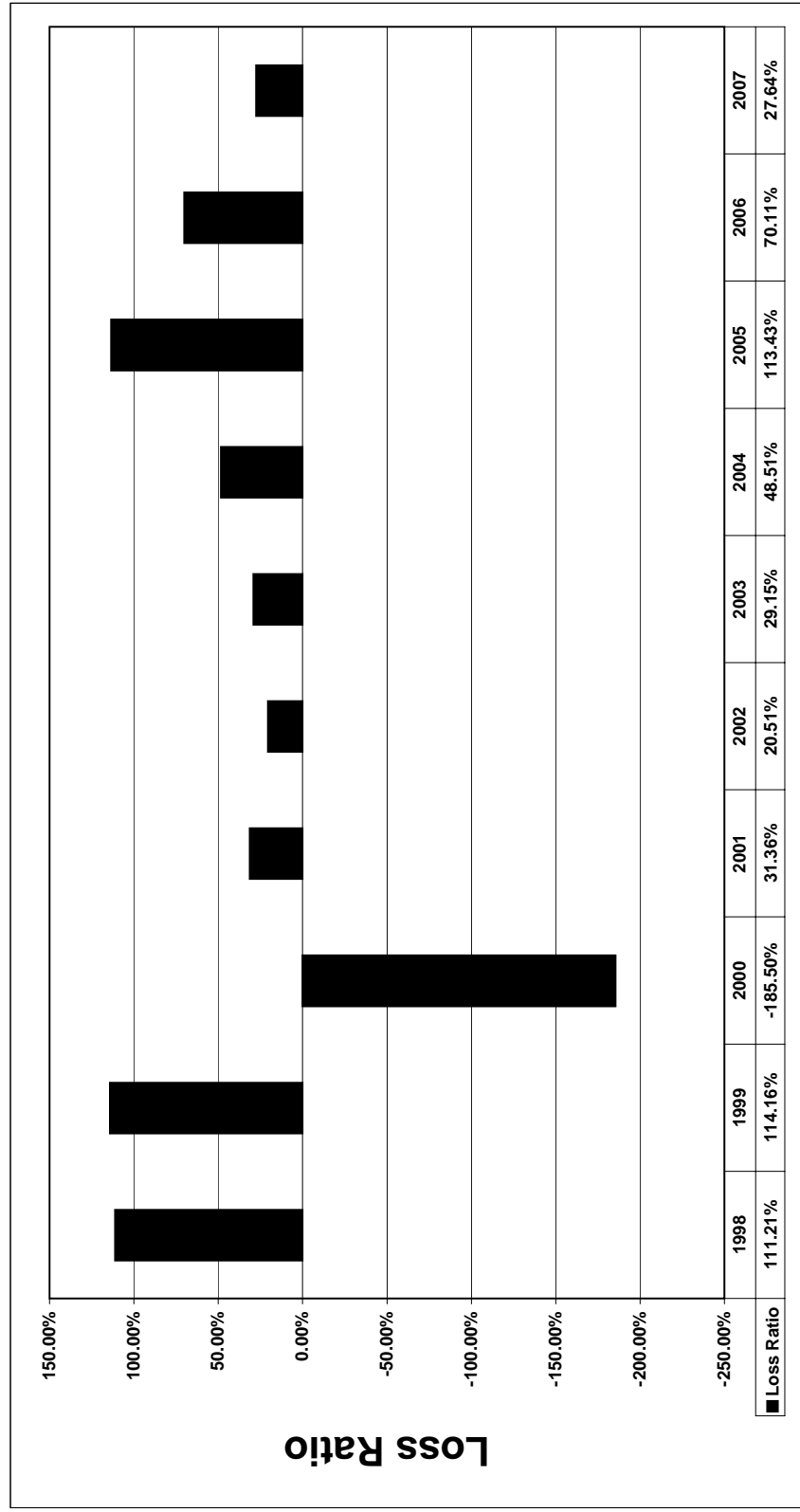
**PAGE 20 SUPPLEMENT
LEGAL MALPRACTICE EXPERIENCE**

TEN YEAR SUMMARY

YEAR	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1998	\$12,554,951	\$12,992,850	\$14,448,916	111.21%
1999	\$12,175,030	\$11,697,769	\$13,354,679	114.16%
2000	\$11,026,795	\$9,915,755	-\$18,393,921	-185.50%
2001	\$13,576,133	\$14,770,445	\$4,631,875	31.36%
2002	\$12,818,643	\$11,830,869	\$2,426,999	20.51%
2003	\$13,057,678	\$11,671,741	\$3,402,619	29.15%
2004	\$14,539,856	\$13,343,100	\$6,472,267	48.51%
2005	\$14,794,606	\$14,145,032	\$16,044,522	113.43%
2006	\$17,435,456	\$16,719,059	\$11,720,958	70.11%
2007	\$17,406,225	\$16,794,127	\$4,642,640	27.64%
10-Year Total	\$139,385,373	\$133,880,747	\$58,751,554	43.88%

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LEGAL MALPRACTICE EXPERIENCE

TEN YEAR LOSS RATIO SUMMARY



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